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Lobbying Disclosure Information Manual

California Fair Political Practices Commission

Toll-free advice line: 1 (866) ASK-FPPC
Web site: *www.fppc.ca.gov*

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Introduction

California's Political Reform Act (the "Act") requires that lobbying disclosure reports, as described in this manual, provide the public with the identity of persons who make payments for the purpose of influencing the actions of the California State Legislature, the actions of the Governor in approving or vetoing legislation, and quasi-legislative actions of California state agencies, including the Governor's office.

This manual provides important information on lobbying disclosure rules for five types of filers:

- Lobbyists;
- Lobbying Firms;
- Lobbyist Employers;
- Lobbying Coalitions; and
- $5,000 Filers.

Terminology

It may be helpful to review Appendix 1 in this manual to become familiar with the different terms used throughout this manual.

Controlling Law

This manual summarizes key lobbying disclosure laws, regulations and Commission opinions, and draws from years of FPPC staff advice on complying with the provisions of the Act. If there are any discrepancies between the manual and the Act or its corresponding regulations and opinions, the Act and its regulations and opinions will control.

Need Help?

If you need assistance, the Fair Political Practices Commission has a toll-free advice line:

1-866-ASK-FPPC
(1-866-275-3772)

FPPC employees are available Monday through Friday to help you. In addition, the FPPC website contains forms, manuals, and a wealth of other helpful information. (See Appendix 2 for more information.)

How to Use this Manual

This manual has been prepared to assist lobbyists, lobbying firms, lobbyist employers, lobbying coalitions, and $5,000 filers to comply with the Act's numerous and often detailed rules. The manual is written in a "user friendly" format so that filers may have a resource guide. It is organized by subject matter and addresses the most common issues of lobbying disclosure.

Lobbying Forms

The following is a list of lobbying disclosure forms. Each form may be found under "Forms" on the Commission's website or, if you are viewing this online, simply click on a specific form name or number.

601 – Lobbying Firm Registration Statement

The registration statement is used by business entities (including individual contract lobbyists) that engage in lobbying activity on behalf of any other person.

602 – Lobbying Firm Activity Authorization

The authorization statement is used by persons that employ or contract with a lobbying firm. This form is filed with the lobbying firm's registration statement, Form 601, or with an amendment to a lobbying firm's registration statement, Form 605, when the lobbying firm is adding a client.

603 – Lobbyist Employer or Lobbying Coalition Registration Statement

The registration statement is used by persons who employ one or more in-house lobbyists.

604 – Lobbyist Certification Statement

The certification statement is used by individuals who qualify as lobbyists, including individual contract lobbyists.

605 – Amendment to Registration – Lobbying Firm, Lobbyist Employer, and Lobbying Coalition

The amendment form is used to amend registration forms filed by lobbying firms, Form 601, and lobbyist employers/lobbying coalitions, Form 603.

606 – Notice of Termination

Used by lobbyists, lobbying firms, and lobbyist employers/lobbying coalitions that, during a legislative session, cease **all** lobbying activity.

607 – Notice of Withdrawal

Used by a lobbyist or lobbying firm that filed a certification or registration statement, respectively, but never qualified as a lobbyist or a lobbying firm.

615 – Lobbyist Report

Used by lobbyists (including contract lobbyists) to disclose payments made in connection with influencing legislative or administrative action.

625 – Report of Lobbying Firm

Used by lobbying firms (including contract lobbyists) to disclose legislative or administrative action the lobbying firm attempted to influence, and payments made and received in connection with influencing legislative or administrative action.

630 – Attachment Form 630 – Payments Made to Lobbying Coalitions

Used by lobbying firms and lobbyist employers to disclose payments to a lobbying coalition.

635 – Report of Lobbyist Employer and Report of Lobbying Coalition

Used by lobbyist employers/lobbying coalitions to disclose legislative or administrative action the employer/coalition attempted to influence, and payments made in connection with influencing legislative or administrative action.

635-C – Attachment Form 635-C – Payments Received by Lobbying Coalition

Used by lobbying coalitions to disclose payments received from members of the coalition.

640 – Attachment Form 640 – Governmental Agencies Reporting of "Other Payments to Influence Legislative or Administrative Action"

Used by state and local government agencies that qualify as lobbyist employers/ lobbying coalitions or $5,000 filers to disclose certain payments of $250 or more under "Other Payments to Influence Legislative or Administrative Action."

645 – Report of Person Spending $5,000 or More to Influence Legislative or Administrative Action

Used by persons who do not employ a lobbyist or contract with a lobbying firm but who make payments to influence legislative or administrative action (including payments to a lobbying coalition) totaling $5,000 or more in a calendar quarter.

690 – Amendment to Lobbying Disclosure Report

Used to amend a lobbying disclosure report (e.g., Form 615, Form 625, Form 630, Form 635, Form 635-C, Form 640, and Form 645).

Chapter 1
Who Must File

This chapter identifies persons that are required to disclose lobbying activity. This chapter begins with a review of important definitions that are used to determine whether a person must file lobbying reports. The qualifications that must be met for each type of lobbying filer are provided along with "user friendly" examples. Because not every person that communicates with state officials must file, common exceptions are also provided.

General Definitions

The following definitions describe what is commonly referred to as "lobbying" and provide guidance later in this chapter when the terms "lobbyist," "lobbying firm," "lobbyist employer/coalition," and "$5,000 filer" are discussed. (See Appendix 1 for other definitions.)

Direct Communication

An individual engages in "direct communication" when he or she appears as a witness before, talks to (either by telephone or in person), corresponds with, or answers questions or inquiries from, any qualifying official, either personally or through an agent who acts under the individual's direct supervision, control, or direction.

"Direct communication" does not include any request for or provision of purely technical data or analyses to an administrative agency by a person who does not otherwise engage in direct communication for the purpose of influencing legislative or administrative action.

Additionally, an individual does not engage in "direct communication" when he or she meets or speaks with a qualifying official in the company of a registered lobbyist retained by the individual, the individual's employer, or by a bona fide trade association or membership organization of which the individual or individual's employer is a member.

Administrative Testimony

"Administrative testimony" means influencing or attempting to influence administrative action by acting as counsel in, appearing as a witness in, or providing written submissions, including answers to inquiries, which become part of the record of:

- Any regulatory or administrative agency proceeding that is conducted as an open public hearing for which public notice is given, of which a record is created in a manner that makes possible the creation of a transcript, and with respect to which full public access is provided to such record or transcript and to all written material that is submitted to become part of the record.
- Certain proceedings of the California Public Utilities Commission. (See Appendix 1.)

An individual does not count compensation for or time spent preparing and presenting administrative testimony in applying the time or compensation tests for qualifying as a lobbyist.

Influencing Legislative or Administrative Action

"Influencing legislative or administrative action" means communicating directly or taking any other action for the principal purpose of supporting, promoting, influencing, modifying, opposing, delaying, or advancing any legislative or administrative action. "Legislative action" means the drafting, introduction, consideration, modification, enactment, or defeat of any bill, amendment, report, nomination, or other matter by the Legislature. "Legislative action" also means the action of the Governor in approving or vetoing any bill. "Administrative action" means the proposal, drafting, development, consideration, amendment, enactment, or defeat by any state agency of any rule or regulation. It also includes actions in certain ratemaking proceedings and quasi-legislative proceedings.

QuickTIP If you are trying to obtain a permit, license, grant, or contract at a state agency, you are not trying to influence legislative or administrative action and your time and contacts are not counted as lobbying.

QuickTIP Although only direct communication is counted for purposes of qualifying as a lobbyist or lobbying firm, once an individual or entity qualifies as a lobbyist or lobbying firm, other types of lobbying expenses, such as payments for administrative testimony, are reportable. This is further discussed in Chapter 5.

Questions and Answers

Q. *I work for a public relations firm. On behalf of a client, I attend meetings and participate in discussions with legislators about the client's positions on legislative issues and am accompanied by the client's contract lobbyist. Must I count the time at these meetings toward qualifying as a lobbyist?*

A. Yes. You are engaging in "direct communication." Although you are accompanied by the client's lobbyist, the exception for engaging in direct communication in the presence of a lobbyist only applies to the client, employees of the client, or, when the client is an association, members of the association.

Q. *The Department of Housing and Community Development has just requested proposals from building contractors to provide a number of low- and moderate-income housing units throughout the state. We would like to bid on the contract. Since we are trying to influence the decisions of an administrative agency, are we engaged in lobbying?*

A. No. While the Department is an administrative agency, awarding a contract is not considered administrative action. Therefore, bidding on the contract is not lobbying.

Q. *We are supporting an Indian gaming compact. To do so, we will contact the Governor's office and discuss why we think the Governor should sign the compact. Is this lobbying?*

A. Yes. The Commission has determined that Indian gaming compacts are administrative actions, and the Governor's office is an administrative agency for this purpose. Therefore, attempting to influence the Governor concerning these compacts qualifies as lobbying.

Lobbyists

A lobbyist is an individual who:

> ***is compensated*** (other than reimbursement for reasonable travel expenses) ***for directly communicating with a qualifying official*** (other than administrative testimony) ***when trying to influence legislative or administrative action*** (such as bills and regulations).

Not everyone who is paid to lobby will qualify as a lobbyist. There are two tests to make this determination: a **time test** for "in-house lobbyists" and a **compensation test** for "contract lobbyists."

Generally, a lobbyist is categorized as either an "in-house lobbyist" or a "contract lobbyist."

In-House Lobbyists – These individuals lobby on behalf of their employer *only*; they are compensated for their time; and they spend at least one-third of that time in a calendar month in **direct communication** with qualifying officials.

Contract Lobbyists – These individuals lobby for someone other than their employer and receive or are entitled to receive $2,000 in a calendar month for **direct communication** with qualifying officials.

Examples *Gail Perrywinkle is a partner with the CJW Law Firm. Gail lobbies bills on behalf of several clients. She frequently engages in direct communication with various legislators and their staff. During January, she receives a draw of $4,200, $2,000 of which is attributable to direct communication. Gail qualifies as a contract lobbyist under the "compensation test" and must prepare a lobbyist certification and file quarterly reports. In addition, CJW must register and file quarterly reports as a lobbying firm. Any client that authorizes the CJW Law Firm to lobby must also sign authorization forms and file quarterly reports as lobbyist employers, regardless of the amount they pay.*

During the month of February, Joey Nelson, an independent contractor, receives $1,500 from the Spanky Corporation and $700 from the Association of Statistical Engineers to lobby on their behalf. Joey qualifies as a contract lobbyist. The compensation test does not require receipt of $2,000 from a single client. Joey must prepare a lobbyist certification and file quarterly reports. As an independent contractor, his business must also file as a lobbying firm. Spanky and ASE must also sign authorization forms and file quarterly reports as lobbyist employers.

Maya Brittletown is the Legislative Affairs Coordinator of the EAB Corporation. During May, Maya spends one-third of her compensated time testifying at legislative hearings, and speaking on the telephone with legislative and agency officials concerning several legislative bills and state agency regulations. Maya qualifies as an in-house lobbyist and must prepare a lobbyist certification and file quarterly reports. In addition, EAB Corporation must register and file quarterly reports as a lobbyist employer.

Who is Not a Lobbyist?

- An individual who lobbies on a voluntary (unpaid) basis.
- An individual who only receives reimbursement for reasonable travel expenses.
- A state agency employee or a consultant designated in a state agency's conflict of interest code who acts within the scope of his or her duties or contract. However, such individuals are subject to the $10 per month gift limit. (See Chapter 4.)
- An individual representing a bona fide church or religious society solely for the purpose of protecting the public's right to practice the doctrines of that church.
- An individual representing a newspaper or other periodical of general circulation, book publisher, or radio or television station that, in the ordinary course of business, publishes or airs items urging legislative or administrative action. This exception does not apply when the newspaper, book publisher, or station engages in any additional activities in connection with influencing legislative or administrative action.
- An individual who only lobbies federal, county, multi-county (e.g., BART), local special districts, or city government agencies.
- An individual who only engages in activities to secure a grant, contract, or

permit from a state administrative agency and does not otherwise attempt to influence legislative or administrative action.

Example *MBI Corporation hired Norman Nickels for the sole purpose of securing a contract with the Department of General Services to provide computer services. Norman is not subject to either the compensation or time tests because such activity is not considered "influencing legislative or administrative action."*

- An individual who engages only in administrative testimony.

Examples *Attorney Sally Hooperfield receives $2,500 for appearing before the State Clean Air Advisory Board and providing expert testimony that becomes a part of the agency's record. The meeting is transcribed and is conducted as an open public hearing for which public notice is given. Sally is not a lobbyist if her activities are limited to administrative testimony.*

Preston Kamen is the general counsel for the Dorsey Corporation. During the month of February, he spends one-third of his compensated time providing administrative testimony at 10 state agency public hearings, he also spends one-fourth of his time meeting with legislators. Since Preston's administrative testimony does not count toward the compensated "time" test, he does not qualify as a lobbyist.

- An elected public official acting in an official capacity.

Example *Mayor Betty Rock communicates with legislators requesting their support of a bill affecting her city. Mayor Rock is not a lobbyist because she is acting within her official capacity as Mayor.*

Questions and Answers

Q. *Is compensation for travel time and preparation work for the purpose of influencing legislative or administrative action counted for purposes of determining whether an individual qualifies as a lobbyist?*

A. Only the compensation (e.g., salary) an individual receives while engaging in **direct communication** is counted to determine if an individual qualifies as a lobbyist. Payments for travel and preparation time, and for actual travel expenses (e.g., airline tickets), do not count.

Q. *Once an individual qualifies as a lobbyist, are travel expenses incurred for the purpose of influencing legislative or administrative action reportable?*

A. Yes, these and other expenses are reportable once an individual has qualified as a lobbyist. (See Chapter 5.)

Lobbying Firms (including individual contract lobbyists)

A lobbying firm is:

> ***an individual*** (other than an in-house lobbyist) ***or a business entity that is compensated*** (other than reimbursement for reasonable travel expenses) ***for directly communicating with a qualifying official*** (other than administrative testimony) ***when trying to influence legislative or administrative action*** (such as bills and regulations).

An **individual** may qualify as a lobbying firm in two ways:

-- The individual is a lobbyist compensated for lobbying on behalf of someone other than the individual's employer (such as independent contractors); **or**

-- The individual is a lobbyist compensated for lobbying on behalf of the individual's employer AND someone else.

Examples *Robert Rogers is an in-house lobbyist for the Association of International Tin Roofers. During the third quarter of the calendar year, the Dome Corporation pays Robert to lobby a bill on its behalf. Robert, though still an employee of the Association of International Tin Roofers, must register as an individual contract lobbyist (lobbying firm) by filing Form 601 and an amended Form 604 and disclose on his Form 625 quarterly reports the payments received from the Dome Corporation and his compensation for lobbying services provided on behalf of his employer, the Association of International Tin Roofers. The Association must file an Amendment, Form 605, deleting him as an in-house lobbyist, and complete an Authorization Form, Form 602.*

Megan Moen was a lobbyist for Communications, Inc., a lobbying firm. She left to work as a lobbyist for another lobbying firm, Capital Services. Communications, Inc. wants to retain Megan directly (not Capital Services) to lobby on behalf of one of its clients. In order to lobby for clients of both Capital Services and Communications, Inc., Megan must register as a separate lobbying firm. Her lobbying firm would indicate that it is a subcontractor to Communications, Inc., and Capital Services.

A **business entity** will qualify as a lobbying firm when:

-- It receives or is entitled to receive compensation for lobbying AND at least one employee, partner, owner, or officer is a lobbyist; **or**

-- It receives at least $5,000 in a calendar quarter for lobbying AND at least one employee, partner, owner, or officer directly communicates on behalf of a client (even if no one in the firm is a lobbyist).

Questions and Answers

Q. *Will an entity qualify as a lobbying firm if, in a calendar quarter, the entity receives $4,500 from a client for testifying before a hearing of the State Legislature and $600 for travel expenses?*

A. No. Because payments for reasonable travel expenses do not count toward qualification as a lobbying firm, the firm has not met the qualifying threshold of *$5,000.*

Lobbyist Employers

A lobbyist employer is any individual, business entity, association, local government agency, or other organization, other than a lobbying firm, that:

-- directly employs an in-house lobbyist to influence or attempt to influence legislative or administrative action; or

-- retains a lobbying firm to engage in direct communication for the purpose of influencing or attempting to influence legislative or administrative action.

Examples *Wayne Butterfield's principal duties include direct communication to influence legislative or administrative action on behalf of his employer, the Association of Preservationists. Because Wayne spends one-third or more of his time lobbying in a calendar month, he qualifies as a lobbyist. The Association must register as a lobbyist employer and must also submit Wayne's lobbyist certification statement. Both Wayne and the Association of Preservationists will prepare quarterly lobbying disclosure reports.*

The lobbying firm of High & Lowe is retained by the Camptown Corporation to prepare and present administrative testimony on Camptown's behalf. Camptown does not employ an in-house lobbyist. However, by *retaining a lobbying firm, Camptown qualifies as a lobbyist employer. Prior to engaging in any lobbying activity, High & Lowe must add Camptown to its registration statement. Camptown must complete an authorization statement and file quarterly lobbying reports.*

Lansdown International contracts with Pickett & Winnit, a public relations firm. On Lansdown's behalf, Pickett & Winnit hires the lobbying firm of Capital Crusaders to lobby a tax-related bill. Pickett & Winnit makes payments to Capital Crusaders for its lobbying services and is later reimbursed by Lansdown. As a lobbyist employer, Lansdown International must provide Capital Crusaders with an authorization statement and file quarterly lobbying reports. Both Lansdown and Capital Crusaders must disclose that payments were made and received through Pickett & Winnit on the quarterly disclosure statements. Pickett & Winnit is not required to register or report the payments because Pickett & Winnit does not lobby but instead has hired Capital Crusaders to lobby on behalf of Lansdown International.

Who is Not a Lobbyist Employer?

- A person that only makes payments to a lobbying coalition is not required to file lobbyist employer reports. However, such a person is required to file reports as a "$5,000 Filer" if payments totaling $5,000 or more are made to a lobbying coalition during a calendar quarter. Refer to page 1-7 for guidance.
- A person that hires an entity (which is not a lobbying firm) for the sole purpose of providing administrative testimony.

  Example *The Recycle Now Corporation makes a payment to a law firm, that is not a lobbying firm, to prepare and present testimony for a public hearing of the California Integrated Waste Management Board. Except for the testimony that becomes part of the public record at the hearing, the firm does not communicate with officials. Because the payment to the law firm is only for administrative testimony, Recycle Now does not qualify as a lobbyist employer.*

- A person that hires a lobbying firm for the sole purpose of monitoring and/or drafting legislation.

Questions and Answers

Q. *Will a member of a bona fide association become a lobbyist employer by making regular dues payments to the association, some portion of which is used for lobbying activity?*

A. No. A member of an association will not qualify as a lobbyist employer by making regular dues or similar payments for membership in a bona fide association, even if a portion of the dues or similar payments is used by the association to employ a lobbyist or make other payments to influence legislative or administrative action.

However, if a member of an association makes a payment earmarked for lobbying purposes, the member may qualify as a lobbyist employer or $5,000 filer.

Q. *Fifteen companies, all in the gravel business, decide to become a lobbying coalition and hire a lobbying firm to lobby the Legislature on bills affecting their industry. Each company provides Earthmovers, Inc., one of the companies, $1,200 per month to pay the lobbying firm. Is Earthmovers, Inc., a lobbyist employer?*

A. No. If Earthmovers, Inc., is acting only as the administrative agent for the lobbying coalition, it will not become a lobbyist employer. Since no one company is paying $5,000 or more in a calendar quarter for lobbying services, none of the companies will qualify as a "$5,000 Filer." The lobbying coalition must register and file reports as discussed below.

Lobbying Coalitions

A lobbying coalition is a group of **10** or more persons or entities formed primarily to influence legislative or administrative action whose members make payments to the coalition for the purpose of sharing the expenses of employing a lobbyist or contracting for the services of a lobbying firm.

Example *Fifteen manufacturers pool their funds and contract with the Best Lobbying Firm to lobby a piece of legislation. The group qualifies as a lobbying coalition and must complete the authorization statement, Form 602, and file quarterly lobbying reports disclosing payments to the lobbying firm as well as payments received from the coalition members.*

Who is Not a Lobbying Coalition?

- A bona fide federation, confederation, trade association, or labor or membership organization that is ongoing in nature and whose membership services are not limited to influencing legislative or administrative action. Such an organization will qualify as a lobbyist employer if it employs an in-house lobbyist or makes payments to a lobbying firm.
- A group consisting of fewer than 10 persons or entities formed primarily to influence legislative or administrative action whose members make payments for the purpose of sharing the expenses of employing a lobbyist or contracting for the services of a lobbying firm. However, each of the persons or entities will qualify as a lobbyist employer.

Example *Eight companies pool their funds to hire a lobbying firm for the purpose of influencing a legislative bill. The companies plan to have more entities pay toward the lobbying firm's expenses. Until there are 10 companies making payments to the lobbying firm, the entities do not qualify as a lobbying coalition, but do qualify as lobbyist employers. Each of the eight companies must file the authorization statement, Form 602, and file quarterly lobbyist employer reports, Form 635.*

Important Notes:

- Because lobbying coalitions and lobbyist employers have common reporting obligations, examples of lobbying coalition disclosure requirements are incorporated with the lobbyist employer sections of this manual.
- Lobbying coalitions must include Form 635-C with each quarterly filing. In addition, a coalition member must include Form 630 with each quarterly filing if the coalition member files reports as a lobbying firm, lobbyist employer, or $5,000 filer.

Persons Who Spend $5,000 or More to Influence Legislative or Administrative Action "$5,000 Filer"

Persons (including business entities, associations, and other organizations) who do not employ an in-house lobbyist or contract with a lobbying firm, but who directly or indirectly make payments of $5,000 or more in any calendar quarter to influence or attempt to influence legislative or administrative action, have disclosure obligations. The following types of payments must be aggregated to determine if the $5,000 threshold has been met:

- Payments for or in connection with direct communication with state officials;
- Payments for or in connection with soliciting or urging other persons to enter into direct communication with state officials;
- Payments to an organization, other than regular dues payments, for the purpose of hiring a lobbyist;
- Payments to a lobbying coalition; and
- Payments that directly or indirectly benefit state officials or members of their immediate families ("activity expenses"), but only if other payments to influence are made during the same calendar quarter.

For purposes of determining whether an entity qualifies as a $5,000 filer, compensation paid to an employee (other than a lobbyist or an employee that provides clerical, secretarial, manual, or statistical services) must be counted if 10% or more of his or her compensated time in a calendar month is spent in connection with the activities described above.

However, all payments for travel and expenses incurred in connection with these activities must be counted whether or not the employee spends 10% of his or her time on lobbying activities.

$5,000 filers are required to:

- File a Report of Person Spending $5,000 or More to Influence Legislative or Administrative Action, Form 645, for each calendar quarter in which $5,000 has been spent to influence legislative or administrative action.

QuickTIP $5,000 filers are not required to register or terminate.

Examples *In February, the Valencia Corporation sends an employee to Sacramento to testify before a state agency regarding a proposed regulation. The employee spends more than 10% of his or her time during the month preparing and presenting the testimony. The amount of the employee's salary and the travel expenses attributable to the trip exceed $5,000. The corporation qualifies as a $5,000 filer and must file a report for the first quarter, January 1 - March 31.*

In April, the Association of Valley Growers pays for newspaper advertisements urging readers to communicate with the Governor on a piece of legislation. The total cost of the advertisements exceeds $5,000 during the second calendar quarter. The Association qualifies as a $5,000 filer and must file a report for the second quarter, April 1 - June 30.

In October, the Association of Valley Growers pays a telephone solicitor $10,000 to call voters regarding a piece of legislation. The solicitor may connect the voter to a legislator's office so that the voter can speak directly to the legislator's staff regarding the legislation. The Association qualifies as a $5,000 filer and must file a report for the fourth quarter, October 1 – December 31.

*The Association of Preservationists is a lobbyist employer and its in-house lobbyist is paid from the general membership dues fund. However, in one quarter, the Association solicits a $6,000 special assessment to pay lobbying expenses. Association members who pay the assessment and are **not** already lobbyist employers will each qualify as a $5,000 filer.*

Who is Not a $5,000 Filer?

- A person or entity that employs an in-house lobbyist or contracts with a lobbying firm.
- A person or entity that does not spend $5,000 or more in a calendar quarter to influence legislative or administrative action.
- A person or entity whose only payments are gifts to state officials.

Statutory and Regulatory References

Statutes

82002	*Administrative Action*
82032	*Influencing Legislative or Administrative Action*
82037	*Legislative Action*
82038.5	*Lobbying Firm*
82039	*Lobbyist*
82039.5	*Lobbyist Employer*
82045	*Payment to Influence Legislative or Administrative*
82047	*Person*
86115	*Periodic Reports; Employers and Others*
86300	*Exemptions*

Regulations

18202	*Quasi-Legislative Administrative Action*
18238.5	*Definition of Lobbing Firm; Individual Contract Lobbyist*
18239	*Definition of Lobbyist*
18239.5	*Definition of Lobbyist Employer*
18249	*State Agency*
18614	*Payments for Lobbying Services*
18616.4	*Reports by Lobbying Coalitions Which are Lobbyist Employers; Reports by Members of Lobbying Coalitions*

Note:

All statutory references are to the California Government Code. The Political Reform Act is found in Government Code sections 81000-91014. Commission regulations may be found in Title 2, sections 18109-18997 of the California Code of Regulations.

Chapter 2
Where and When to File Reports

This chapter reviews where and when lobbying reports must be filed. A review of the electronic and online filing requirements is provided as most filers must file reports electronically. For those filers who are not required to file electronically (see below), paper reports are required.

Where to File

All reports and statements discussed in this manual are filed with the Secretary of State. Paper statements should be addressed as follows:

Secretary of State
Political Reform Division
1500 11th Street, Room 495
Sacramento, CA 95814

Electronic or Online Filing

Lobbying reports must be filed electronically once the total amount of any category of reportable payments, expenses, contributions, gifts, or other items is $5,000 or more in a calendar quarter. Each quarter and each category of payments are calculated separately to determine if electronic filing is required. A lobbyist employer is not required to count campaign contributions toward the $5,000 threshold for any quarter in which the employer does not report contributions but instead refers to its sponsored committee's campaign statement.

If a lobbyist employer or lobbying firm is required to file electronically, lobbyists employed by the employer or firm also must file electronically. If a lobbyist employer hires a lobbying firm that files electronically, the employer is not automatically required to file electronically. Until the electronic filing requirements have been triggered, only paper reports are required. However, once a filer is required to file electronically, all future reports, including registration forms, must be filed electronically. Electronic filers must file registration forms on paper as well as electronically, but quarterly reports are not required to be filed on paper.

Electronic filers obtain a login identification number and password from the Secretary of State. Only the filer is able to access his or her files using the identification number and password. When filing a report electronically, the filer files under penalty of perjury. The filer may also designate a vendor or other service provider to file on his or her behalf and provide the vendor with the identification number and password. If the filer authorizes another vendor to file and does not file the forms personally, the filings are still presumed to be filed under penalty of perjury.

The Secretary of State offers free online filing and there are several software vendors that offer programs. Visit the Secretary of State's website at *www.ss.ca.gov* for information or call the Cal-Online Help Desk toll free at (877) 745-3453 or in Sacramento at (916) 653-7283.

Examples *In the first quarter of the calendar year, a newly registered lobbyist employer paid its in-house employee lobbyists $3,000 for lobbying activity and made $4,000 in reportable contributions. Since this was the first time this company qualified as a lobbyist employer, and it did not expend $5,000 or more in any one category of reportable payments, it was required to file its quarterly report, Form 635, on paper only. In the second calendar quarter, the employer paid its in-house employee lobbyists a total of $6,000 for lobbying activity. The employer and the in-*

house lobbyists are required to file their Forms 635 and 615 electronically for the second quarter and all subsequent quarters, even if the employer does not expend $5,000 or more in any one category of reportable payments in the future. Paper copies of the quarterly reports are no longer required. However, any future amendments to the lobbyist employer's registration must be filed electronically as well as on paper.

A lobbying firm files its reports electronically. Robert Schneckner, a new part-time lobbyist for the firm, does not receive $5,000 in compensation for lobbying, nor does he have activity expenses totaling $5,000. Although Robert's activities do not reach $5,000, because his lobbying firm is required to file electronically, his Lobbying Report, Form 615, must also be filed electronically. The lobbying firm also recently added a new lobbyist employer as a client. On its first quarterly disclosure report, the lobbyist employer did not make $5,000 or more in any category of reportable payments. The lobbyist employer may file its Lobbyist Employer Report, Form 635, electronically, but is not required to do so. The report must be filed on paper.

Once a lobbying filer is required to file reports electronically, the following statements are not required to be filed on paper:

- 615 – Lobbyist Report
- 625 – Report of Lobbying Firm
- 630 – Attachment Form 630 Payments Made to Lobbying Coalitions
- 635 – Report of Lobbyist Employer and Report of Lobbying Coalition
- 635-C – Attachment Form 635-C Payments Received by Lobbying Coalition
- 640 – Attachment Form 640 – Government Agencies Reporting of "Other Payments to Influence Legislative or Administrative Action"
- 645 – Report of Person Spending $5,000 or More to Influence Legislative or Administrative Action
- 690 – Amendment to Lobbying Disclosure report

Questions and Answers

Q. *We are a lobbyist employer and have never reached the $5,000 threshold for any calendar quarter. However, between April 1 and June 30 of this year, we contributed $5,000 or more to state candidates we are otherwise required to report. We made the contributions through our sponsored committee and will reference our committee's report on the Form 635 instead of itemizing the contributions. Must we now file electronically as well as on paper?*

A. No. As long as the contributions were made from your sponsored committee and you reference your committee's campaign statement on your Form 635, you are not required to count those contributions toward the $5,000 e-filing reporting threshold.

Q. *We file our quarterly reports electronically. At the beginning of the next legislative session, we intend to renew our registration. Are we required to file our registration statements electronically as well as on paper?*

A. Yes. If you filed reports electronically in one legislative session and re-registered for the following session, you must file your registration statements electronically as well as on paper. In addition you must continue filing your quarterly reports electronically.

When to File

General Rules

- If a report or statement required to be filed on paper is sent by first-class mail to the Secretary of State, it is considered received on the date of the postmark. Reports sent by mail that are not received by the Secretary of State are presumed not to have been sent unless the filer has a post office receipt with the date of deposit and the name and address of the Secretary of State.
- Deadlines that fall on a Saturday, Sunday, or an official state holiday are extended to the next business day.
- Reports may not be submitted by facsimile transmission.
- Persons who file after a deadline are liable for a fine of $10 per day, calculated from the day after the deadline, until the report is received. For registration statements filed both electronically and on paper, the $10 per day fine may be imposed on both versions of the reports if they are not filed on time.
- Persons who fail to file required lobbying reports may be subject to an administrative penalty of up to $5,000.
- Reports may be filed at any time prior to the deadline, so long as the report includes all information required. An amendment must be filed by the filing deadline if activity was omitted from the early filing.
- An unsigned paper report is not considered received by the Secretary of State and is subject to the $10 per day fine, even if the report is filed on time. If the individual required to sign a report is not available on or before the deadline, an agent may sign the report and attach an explanatory note. An amendment with the proper signature must be filed as soon as possible. (See Chapter 5.)

Registration Statements

Initial Registration

Lobbyists must complete a Lobbyist Certification Statement, Form 604. Form 604 must be filed within 10 days of qualifying as a lobbyist.

Lobbying firms must complete a Lobbying Firm Registration Statement, Form 601. Form 601 must be filed within 10 days of qualifying as a lobbying firm.

Lobbyist employers/lobbying coalitions complete different forms depending upon whether they employ an in-house lobbyist or a lobbying firm.

- A Lobbyist Employer Registration Statement, Form 603, must be filed within 10 days after a partner, owner, officer, or employee qualifies as an in-house lobbyist.
- Lobbyist employers/lobbying coalitions that contract with a lobbying firm must complete a Lobbying Firm Authorization Statement, Form 602, before lobbying activity occurs. The Form 602 is provided to the lobbying firm for filing with its registration statement or amendment to registration.

$5,000 filers are not required to file registration statements.

QuickTIP A person that employs both an in-house lobbyist and a contract lobbyist must complete both the Lobbyist Employer Registration Statement, Form 603, and the Lobbying Firm Authorization Statement, Form 602, on or before the applicable deadlines.

Amending Registration

If any information on a registration statement changes, Amendment to Registration, Form 605, must be filed as follows:

Lobbying firm adding a new client	Prior to attempting to influence legislative or administrative action on behalf of the client.
Firm or employer adding a new lobbyist	Within 20 days of effective date.
Firm or employer deleting a client, lobbyist, lobbying firm	Within 20 days of effective date.
Other changes	Within 20 days of any other change.

Renewal of Registration

Between November 1 and December 31 of each even-numbered year, lobbyists, lobbying firms and lobbyist employers/ lobbying coalitions must file new registration statements, Form 601, Form 602, Form 603, or Form 604, as applicable. A paper statement must be filed. If the filer filed any lobbying disclosure report electronically in the prior legislative session, an electronic registration statement must also be filed. At the end of each legislative session, all registration statements for that legislative session expire. If a filer will not engage in lobbying activity after the end of a legislative session, no additional reports indicating termination are required.

Quarterly Disclosure Reports

Quarterly reports disclose receipts and payments in connection with lobbying activity. The law imposes different disclosure requirements depending upon the type of filer. There are four quarterly disclosure reports:

Filer	Form
Lobbyist	615
Lobbying Firm	625
Lobbyist Employer/Coalition	635
$5,000 filer	645

Filers must file a report electronically or on-line, if applicable, or on paper for each calendar quarter, regardless of the level of activity, and whether or not any payments have been made or received during the calendar quarter. The period covered for all quarterly reports is the first day of the calendar quarter through the last day of the calendar quarter. Quarterly reports may be filed early so long as the report includes all information required for the period covered by the report.

$5,000 filers must file a report electronically for each calendar quarter in which they make payments totaling $5,000 or more. They are not required to file a report for any calendar quarter in which they do not spend $5,000, or if all of the payments are "activity expenses." (See Page 4-1 for the definition of "activity expenses.")

Reporting Period	**Filing Deadline**
January, February, and March	April 30
April, May, and June	July 31
July, August, and September	October 31
October, November, and December	January 31

Deadlines that fall on a Saturday, Sunday, or an official state holiday are extended to the next business day.

Ceasing Lobbying Activity

If, during the legislative session, a lobbyist, lobbying firm, or registered lobbyist employer/lobbying coalition **ceases all lobbying** activities, a Notice of Termination, Form 606, must be filed electronically, if applicable, or on paper within **20 days** after ceasing lobbying activities.

As noted earlier, a filer ceasing all lobbying activities at the close of a regular (biennial) session of the Legislature is not required to file a termination statement.

A person that files either a lobbyist certification statement or a lobbying firm registration statement but, in fact, never meets the Act's definition of "lobbyist" or "lobbying firm" may use the Notice of Withdrawal statement, Form 607, to discontinue filing requirements.

Important Note:

Lobbyists and lobbying firms remain subject to the $10 gift prohibition for six months after filing a Notice of Termination. (See Chapter 7.) Lobbyists and lobbying firms that cease all lobbying activities at the end of the regular session of the Legislature remain subject to the gift prohibition for six months after the end of the regular session. Individuals and entities eligible to file a Notice of Withdrawal, Form 607, are not subject to the prohibition.

Statutory and Regulatory References

Statutes

81007 *Filing Dates; Mailing of Report or Statement*
84605 *Who Shall File Online*
84606 *Operation of Online System*
86100 *Registration*
86101 *Registration; Time*
86103 *Lobbyist Certification; Requirements*
86104 *Lobbying Firm; Registration Requirements*
86105 *Lobbyist Employer; Registration Requirements*
86106 *Renewal of Registration*
86107 *Registration Statement; Amendment; Termination*
86117 *Periodic Reports; Filing; Time*
86118 *Lobbying Reports; When to File*
91013 *Fines; Late Filing of Statements*

Regulations

18116 *Reports and Statements; Filing Dates*
18465.1 *Verification of Online Filers*
18601 *Withdrawal of Lobbyist Certification or Lobbying Firm Registration*
18617 *Early Filing of Periodic Reports*

Chapter 3
Registration and Termination

The Political Reform Act requires most lobbying filers to submit registration statements that identify persons engaged in lobbying activity. This chapter provides guidance on when the forms are due and how to complete them. All registration forms are filed with the Secretary of State, either electronically, in paper format, or both. (See Chapter 2.) Each legislative session, the Secretary of State's office publishes *The Directory of Lobbyists, Lobbying Firms & Lobbyist Employers* based on information provided by lobbying firm and lobbyist employer registration statements. Registration information is also available online through the Secretary of State's website at *www.ss.ca.gov*.

Name Identification Requirements

The Act requires disclosure of the names of entities that engage in lobbying activity. If a lobbyist employer is a business entity with subsidiaries, the name of the subsidiaries may be required to be separately identified along with the corporate parent's name. This manual can not address all of the different relationships of affiliated entities. Following is a selected summary of Commission advice. Lobbyist employers are encouraged to contact the FPPC for specific guidance.

Examples *A corporation and its subsidiary both make payments to a lobbying firm; the name of the filer should be listed as: ABC Company and its affiliate, XYZ subsidiary.*

A lobbying firm represents the lobbying interests of a corporation and its subsidiary, and each entity provides direction to the lobbying firm. The corporation makes all of the payments to the lobbying firm. The name of the filer should be listed as: ABC Company and its affiliate, XYZ subsidiary.

A corporation has several subsidiaries. The corporation, alone, directs and controls the lobbying activity and makes all payments to the lobbying firm. The subsidiaries are not involved with lobbying activity nor do they make payments to the lobbying firm. Even though the subsidiaries may benefit from the lobbying firm's services, the name of the filer should be listed as: ABC Corporation. The subsidiaries are not required to be identified.

A corporation makes payments to a lobbying firm. A subsidiary of the corporation makes payments to a different lobbying firm. The lobbying activities of the corporation and the subsidiary are independent. The corporation does not pay for the subsidiary's activities or control its lobbying activities. The corporation is not required to identify the name of the subsidiary on its reports, nor is the subsidiary required to identify the name of the parent corporation on its reports.

Filing Electronically or Online

When a registration statement is being filed for the first time, no electronic filing of the form is required. However, if the filer is renewing or amending the registration, or filing a termination statement, and was required to file statements electronically, the form must be filed electronically, as well as on paper. (See Chapter 2 to determine if you are required to file electronically.)

Registration & Certification Statements

The law requires all lobbying firms to register, along with all lobbyist employers who employ in-house lobbyists. Lobbyists must file certification papers. Registration and certification are required when the filer first qualifies as a firm, employer, or lobbyist, *and* at the beginning of each legislative session. Only $5,000 filers do not have to file registration or certification forms. All registration and certification forms require persons to disclose their names and addresses. This chapter reviews the sections of the forms that prompt the most questions from filers.

Filer	Form
Lobbyist	604
Lobbying Firm	601
Lobbyist Employer (with in-house lobbyist)	603
Lobbyist Employer (with lobbying firm)	602
All (amending a Form 601, 603, or 602)	605

All lobbyists must complete Form 604, Lobbyist Certification Statement. All lobbying firms file Form 601, Lobbying Firm Registration Statement. Lobbyist employers that employ an in-house lobbyist file Form 603, Lobbyist Employer Registration Statement, and lobbyist employers that contract with a lobbying firm complete Form 602, Lobbying Firm Authorization Statement. A lobbyist employer may be required to file both Form 603 and Form 602 if the lobbyist employer employs both an in-house lobbyist and contracts with a lobbying firm.

Registration statements must be verified and signed. Lobbyists must verify the Form 604. An individual must be designated on the lobbying firm's registration statement, Form 601, as the responsible officer of the firm, and this individual must verify the lobbying firm's reports. In the case of a lobbyist employer/lobbying coalition, the verification must be signed by a responsible officer, or by an attorney or a certified public accountant who acts as an agent for the lobbyist employer/lobbying coalition.

Lobbyist Certification Statement, Form 604

Lobbyists file the Lobbyist Certification Statement, Form 604. An individual who qualifies as a lobbyist must complete this form which will be filed along with the registration or amendment to registration form submitted by his or her lobbying firm or lobbyist employer/lobbying coalition, whichever is applicable. A recent photograph of the lobbyist's head and shoulders along with a $25 registration fee payable to the Secretary of State are required. The Secretary of State will not accept photographs delivered by diskette. The photograph must be recent and of professional quality.

Filing Deadlines:

New Lobbyist:

- Within 10 days of qualifying as a lobbyist.

Lobbyist Renewing Certification:

- Between November 1 and December 31 of each even-numbered year.

Examples *Susan Gomez is hired by a lobbyist employer to perform duties as an in-house lobbyist. Susan must complete a Lobbyist Certification Statement, Form 604. Her employer will submit this form along with her picture and a $25 payment to the Secretary of State. The employer must file a Form 605, Amendment to Registration Statement, to indicate Susan as a new in-house lobbyist.*

Al Johnson is promoted to become the first lobbyist for his employer. Al must complete a Lobbyist Certification Statement, Form 604. The employer must submit this form along with Al's picture and a $25 payment to the Secretary of State. The employer must file the Lobbyist Employer Registration Statement, Form 603, to indicate that the company has qualified as a lobbyist employer and that Al Johnson has been employed to lobby on its behalf.

Lobbyist Ethics Orientation Course

All lobbyists are required to attend a lobbyist ethics course as part of the registration process. The course is conducted by the Assembly Legislative Ethics Committee and the Senate Committee on Legislative Ethics. To make reservations for the ethics course, call (916) 324-6929.

The Legislature will notify lobbyists of the course dates, and will provide a certificate upon completion of the course.

A lobbyist must file a conditional certification statement, Form 604, if he or she has not taken the course within the previous 12 months. The validity period of the conditional certification is determined by whether the lobbyist is renewing the certification or filing his or her first certification.

- New lobbyists must take the course within 12 months after registering as a lobbyist.
- Lobbyists who were registered in the prior legislative session, but have not taken the course in the 12 months prior to renewing their certification, must take the course by June 30 of the following year.

Examples *Susan White is a new lobbyist. She did not lobby in the 2003-2004 Legislative Session. Susan begins lobbying activities on September 1, 2005. She must take the course before September 1, 2006.*

Margaret Johnson was a registered lobbyist in the 2003-2004 Legislative Session and took the course on March 5, 2004. Margaret renewed her certification for the 2005-2006 Legislative Session in December 2004. Her certification is valid throughout the 2005-2006 session.

Larry Colfax was a registered lobbyist during the 2003-2004 Legislative Session and took the course on December 10, 2002. Larry may begin lobbying activities in the 2005-2006 Legislative session. However, his certification is conditional and he must take the course by June 30, 2005.

QuickTIP Failure to take the course at the times prescribed will void the conditional certification. Once voided, an individual is prohibited from acting as a lobbyist until he or she has completed the ethics training course and has filed an amended certification statement indicating the date the course was taken. The FPPC may not grant waivers to the ethics training requirement.

How to Complete Form 604

The Form 604 is an identification form that contains the lobbyist's name, address, telephone number, and name of his or her lobbying firm or lobbyist employer/lobbying coalition. The date the individual qualified as a lobbyist must be provided only on the initial statement; it is not required on renewals. The paper version of the report must be verified and signed by the lobbyist. No other individual may sign Form 604 on behalf of the lobbyist.

Part II. Agencies Lobbied

If the lobbyist will not be lobbying all the agencies listed on the Lobbyist Employer or Lobbying Firm Registration Statement (Form 603 or 601, respectively) filed by his or her employer or firm, check the second box, indicate if the lobbyist will be lobbying the State Legislature, and specify the state agencies to be lobbied.

Form 604
Lobbyist Certification Statement

II. AGENCIES LOBBIED
Check one box:
☐ I will lobby the agencies identified on the Lobbyist Employer or Lobbying Firm Registration Statement (Form 601/603) and subsequent amendments.
☒ I will *only* lobby the agencies identified below:
Will you lobby the State Legislature? ● Yes ○ No — State Agencies: Department of Education

QuickTIP The lobbyist gift limit and contribution restrictions apply to agencies lobbied by the lobbyist. (See Chapter 7.)

Questions and Answers

Q. *How frequently are the ethics courses held?*

A. Because there is no set schedule, the number of ethics courses conducted will vary from year to year. Contact one of the Legislature's ethics committees, or visit the FPPC's website at *www.fppc.ca.gov*, click on "Lobbyists," then click on "Ethics Course" for information.

Q. *Is a lobbying firm or a lobbyist employer/lobbying coalition required to pay the $25 registration fee when it hires a lobbyist who has been previously registered with another lobbying firm or lobbyist employer/lobbying coalition?*

A. Yes. Contact the Secretary of State to determine if a new photograph is required.

Lobbying Firm Registration Statement, Form 601

An individual or business entity that qualifies as a lobbying firm must register within 10 days of qualifying as a lobbying firm.

Each lobbying firm must renew its registration between November 1 and December 31 of each even-numbered year. If the registration is not renewed, the lobbying firm will be automatically terminated.

Registration and renewal of registration requirements may include:

- Completion of Form 601;
- Submission of Form 602 completed by each lobbyist employer that contracts with the lobbying firm for lobbying services;
- Submission of Form 604 completed by each partner, owner, officer, or employee of the lobbying firm who qualifies as a lobbyist;
- A recent photograph of each lobbyist picturing only the lobbyist's head and shoulders; and
- A $25 registration fee payable to the Secretary of State for each of the firm's lobbyists. Payment is required at time of filing.

QuickTIP A lobbying firm is not required to register a client that does not pay the firm (e.g., pro-bono services).

How to Complete Form 601

The Lobbying Firm Registration Statement provides identifying information about the lobbying firm and its clients. Enter the date qualified as a lobbying firm only on an initial registration. The qualification date is not necessary on subsequent renewals.

Form 601
Lobbying Firm Registration Statement

II Lobbyist Employers

- Use Section A to report each client with whom your firm has a direct contract to provide lobbying services.
- Use Section B to report lobbying firms with which your firm subcontracts to provide lobbying services and the clients on whose behalf your firm will lobby.
- Attach a Form 602 for each person identified in Section A or B.

SECTION A

Employer's Name, Address and Telephone Number	Effective Date	Period of Contract
City of Rolling Hills Estates 4045 Palos Verdes Drive North Rolling Hills Estates, CA 90274 (310) 377-1577	1/1/05	2005/2006
Agencies to be Lobbied: Legislature — Dept. of Housing and Community Development; Governor — Dept. of Parks and Recreation	Description of Employer's Lobbying Interests: Government	
California Electricity Distributors 555 Capitol Mall, Suite 900 Sacramento, CA 95814 (916) 441-5500	1/1/05	2005
Agencies to be Lobbied: Legislature — Public Utilities Commission; Governor	Description of Employer's Lobbying Interests: Regulation of Utilities	

QuickTIP When reporting the names of lobbyists, do not list any individual who is separately registered as a lobbying firm or who is employed by a lobbying firm with which this firm contracts.

QuickTIP A partner, owner, or officer of the lobbying firm must be designated to be responsible for filing statements and reports and keeping records. An individual contract lobbyist filing the Form 601 as a lobbying firm is the responsible officer.

Part II. Lobbyist Employers

Under "Agencies to be Lobbied," list each state office (including the Governor's office, if applicable), department, division, bureau, board, or commission the lobbyist employer/ lobbying coalition will attempt to influence. Do not include the courts, or federal or local agencies. It is permissible to list "all state agencies." In addition, provide a description of the lobbying interests of the lobbyist employer/lobbying coalition.

Example *ZB Corporation develops, manufactures, and distributes pharmaceuticals. The description should state "legislation relating to the development, manufacturing, and distribution of pharmaceuticals." It is not sufficient to describe the corporation's lobbying interests as "legislation relating to business" or "health care."*

A lobbying firm that contracts to lobby for a client of another lobbying firm must identify both the subcontracting lobbying firm and the client(s)/employer(s) on whose behalf the firm will lobby.

Form 601

SECTION B -- Subcontracted Clients

Name, Address and Telephone Number of Subcontracting Lobbying Firm:	
Alvarez, Greene, Ho, and Douglas 1127 11th Street, Suite 1020 Sacramento, CA 95814 (916) 441-6010	
Effective Date of Contract: 1/1/05	Period of Contract: 2005
Name, Address and Telephone Number of Client on Whose Behalf Your Firm will Lobby: Four Mesas Municipal Water District 5000 Indio Blvd. Indio, CA 92203 (760) 861-1220	
Agencies to be Lobbied: Legislature — Dept. of Water Resources; Governor	Description of Client's Lobbying Interests: Water Rights

Questions and Answers

Q. *May an entity or individual register as a lobbying firm if it intends to lobby but does not have a client at the time of registration?*

A. Yes. If the firm subsequently never engages in lobbying activity, it should file a Notice of Withdrawal, Form 607.

Q. *If the lobbying firm intends to lobby all state agencies, may it declare "All State Agencies" under "Agencies to be Lobbied," or must it itemize each agency?*

A. In lieu of listing every state agency, the lobbying firm may declare that all state agencies will be lobbied. Remember, this means that the gift limits and contribution prohibitions will apply to all state agency officials and all state candidates and officeholders. (See Chapter 7.)

Q. If the responsible officer of the lobbying firm changes, must the lobbying firm amend its registration to indicate the new responsible officer?

A. Yes. The registration must be amended within 20 days of the change.

Q. I am a lobbyist and will lobby for clients of my employer, Capital Services, a lobbying firm. I will also be paid directly to lobby on behalf of a client of my former lobbying firm, Communications, Inc. How do I register?

A. You must file as a separate lobbying firm and disclose, as a subcontractor, all the clients for whom you will lobby, including those on behalf of your current employer. Complete Lobbying Firm Registration Statement, Form 601, and include your Lobbyist Certification Statement, Form 604. As a subcontractor, identify in Section B of the Form 601 all clients for whom you will lobby. Include a Form 602 completed by Capital Services identifying the clients for whom you will lobby on behalf of that firm and another Form 602 completed by Communications, Inc., identifying the client for whom you will lobby on its behalf.

Lobbying Firm Activity Authorization, Form 602

Each client that retains a lobbying firm must complete a Lobbying Firm Activity Authorization, Form 602, to authorize the lobbying firm to lobby on its behalf. The lobbying firm must submit the Form 602 along with its Lobbying Firm Registration Statement, Form 601, or its Amendment to Registration, Form 605.

A lobbying firm that subcontracts clients to another lobbying firm must complete Form 602 and identify the names of the subcontracted client(s). It is not required to complete the "Nature and Interests" section for the subcontracted client(s).

Example *Capital Watch, a lobbying firm, has a client, Silo Manufacturers of California (SMC). Capital Watch wishes to subcontract this client to Meyers & Nguyen, another lobbying firm. Before Meyers & Nguyen may begin lobbying on behalf of SMC, Capital Watch must complete a Form 602, signed by its responsible officer, identifying SMC as the subcontracted client and authorizing Meyers & Nguyen to lobby on behalf of SMC.*

How to Complete Form 602

Nature and Interests of Lobbyist Employer

Provide a description of the lobbying interests of the lobbyist employer/lobbying coalition.

Example *A trade association that represents electricity distributors will complete C. 1. A trade association that represents only one segment of an industry should complete C. 1. and 2. For example, an association representing insurance companies that sell only automobile policies may identify in section C. 1., " insurance," and identify in C. 2., "automobile insurance policies."*

When listing the nature and interests of the filer, an association with fewer than 50 members must also provide the names of all members. Affiliated entities must report the nature and interests of all entities that comprise the lobbyist employer. (See 3-1.)

Form 602
Lobbying Firm Activity Authorization

Nature and Interests of Lobbyist Employer

Check *one* box only:

☐ INDIVIDUAL (Complete only Parts A and E)
☐ BUSINESS ENTITY (Complete only Parts B and E)
☒ INDUSTRY, TRADE OR PROFESSIONAL ASSN. (Complete only Parts C and E)
☐ OTHER (e.g., lobbying coalition) (Complete only Parts D and E)

A. Individual
1. Name and address of employer (or principal place of business if self-employed):
2. Description of business activity in which you or your employer are engaged:

B. Business Entity
Description of business activity in which engaged:

C. Industry, Trade or Professional Association
1. Description of industry, trade or profession represented:
Electricity Distributors
2. Specific description of any portion or faction of the industry, trade, or profession which the association exlusively or primarily represents:
3. Number of members in association *(check appropriate box)*
☐ 50 OR LESS (provide names of all members on an attachment.)
☒ MORE THAN 50

Lobbyist Employer and Lobbying Coalition Registration Statement, Form 603

An individual, business entity, organization, or lobbying coalition that has an in-house employee who qualifies as a lobbyist must register with the Secretary of State within 10 days of qualifying as a lobbyist employer.

Each registered lobbyist employer/lobbying coalition must renew its registration between November 1 and December 31 of each even-numbered year. If the registration is not renewed, the lobbyist employer/lobbying coalition will automatically be terminated.

Registration and renewal of registration requirements include:

- Completion of the Form 603;
- Submission of a Form 604 completed by each partner, owner, officer, or employee who qualifies as an in-house lobbyist;
- Submission of a recent photograph of only the lobbyist's head and shoulders; and
- A $25 registration fee payable to the Secretary of State for each individual who qualifies as an in-house lobbyist. Payment is required at time of filing.

QuickTIP A lobbyist employer that ***only*** contracts with a lobbying firm, including an individual contract lobbyist, must complete the Lobbying Firm Authorization Statement, Form 602, and does not complete the Lobbyist Employer Registration Statement, Form 603.

QuickTIP A registered lobbyist employer that employs an in-house lobbyist and ***also*** contracts with a lobbying firm is required to complete the Lobbying Firm Activity Authorization, Form 602, for the lobbying firm.

How to Complete Form 603

If this is an initial registration, enter the date qualified as a lobbyist employer/lobbying coalition.

List the full name of each in-house employee lobbyist and of each lobbying firm, if any, with which the employer or coalition contracts.

Part II. State Agencies Whose Actions You Will Attempt to Influence

List each state office, (including the Governor's office, if applicable), department, division, bureau, board, or commission the lobbyist employer/lobbying coalition will attempt to influence. Do not include the courts, or federal or local agencies. It is permissible to list "all state agencies."

Form 603
Lobbyist Employer and Lobbying
Coalition Registration Statement

II List Below the State Agencies Whose Actions you Will Attempt to Influence

- Will you attempt to influence the State Legislature? ☒ Yes ☐ No

Governor	
Dept. of Housing & Community Development	
Dept. of Parks & Recreation	

☐ If more space is needed, check box and attach continuation sheets.

Part III. Description of Lobbying Interests

Provide a description of the lobbying interests of the lobbyist employer/lobbying coalition and complete the Nature and Interests of the Filer section. Affiliated entities must report the nature and interests of all entities that comprise the lobbyist employer in Part B. (See 3-1.) When listing the nature and interests of an association with fewer than 50 members, the names of all members must be identified in Part C. A city, county, or other governmental agency will complete Part D.

Amendment to Registration, Form 605

Whenever any information reported on a registration statement changes, a Form 605 must be filed.

Deadlines for filing Form 605:

- If a lobbying firm is adding a new lobbyist employer/lobbying coalition, the amendment **must be filed prior to attempting to influence legislative or administration action on behalf of that lobbyist employer/lobbying coalition**.
- Within 20 days of any **other** change.

How to Complete Form 605

Adding a Lobbyist

Complete and file Form 605 and Form 604. A $25 registration fee payable to the Secretary of State, and, if the lobbyist is newly qualified, a recent photograph (head and shoulders only) must also be submitted. A photograph is not necessary if the lobbyist is already registered for the current legislative session.

Form 605
Amendment to Registration

I **Description of Changes** (See instructions on cover sheet and examples on the back of this page.)

Check appropriate box(es)

☒ Adding Lobbyist
Andrew Puzankov — 3 / 1 / 05
Name of Lobbyist — Effective Date
Attach Form 604

☐ Lobbying Firm Deleting Lobbyist Employer
____ — __/__/__
Name of Employer — Effective Date
No attachment required

Deleting a Lobbyist

File Form 605 and Form 606, if a lobbyist is ceasing **all** activities as a lobbyist. If a lobbyist will no longer be employed by you, but is continuing activities as a lobbyist on behalf of others, a Form 606 is not required.

Lobbying Firm Adding Lobbyist Employer/Lobbying Coalition

File Form 605 (Parts I and II A) and Form 602.

Registered Lobbyist Employer Adding Lobbying Firm

File Form 605. The lobbying firm must also file a Form 605 and attach a Form 602 signed by a responsible officer of the lobbyist employer.

Lobbying Firm Subcontracting a Lobbyist Employer/Lobbying Coalition

A lobbying firm that is adding a client through a subcontract must complete Form 605 (Parts I and II B) and include a Form 602 signed by the subcontracting firm. The applicable registration forms related to the subcontract must be filed before lobbying may begin. The client is not required to file Form 602, either electronically or on paper.

Example *Capital Watch, a lobbying firm, has a client, Silo Manufacturers of California (SMC). Capital Watch wishes to subcontract this client to Meyers & Nguyen, another lobbying firm. Before Meyers & Nguyen may begin lobbying on behalf of SMC, Capital Watch must provide a Form 602 to Meyers & Nguyen identifying SMC as the subcontracted client and authorizing Meyers & Nguyen to lobby on behalf of SMC. Meyers & Nguyen must file a Form 605 indicating the new subcontracted client, along with the Form 602 from Capital Watch.*

Lobbying Firm Deleting a Lobbyist Employer/Lobbying Coalition

File Form 605. No attachment is necessary.

A Change in a Lobbying Firm's Designated Responsible Officer

File Form 605 and Part III of Form 601. No amendment is required when a lobbyist employer/lobbying coalition changes its designated responsible officer.

Lobbyist Employer Deleting a Lobbying Firm

When a registered lobbyist employer terminates a contract with a lobbying firm, a Form 605 must be filed by both the registered lobbyist employer and the lobbying firm. A lobbyist employer that is not registered (i.e., has no in-house lobbyists) is not required to file Form 605 when it terminates a contract with a lobbying firm.

Other Changes

An amendment is required when the agencies to be lobbied change.

If a change occurs in any of the information on the Form 604, an amended Form 604 must be filed.

Questions and Answers

Q. *Is a lobbying firm or lobbyist employer/ lobbying coalition required to pay the $25 registration fee when it hires a lobbyist who has been previously registered with another lobbying firm, or lobbyist employer/lobbying coalition?*

A. Yes.

Q. *When is a registered lobbyist employer required to amend its registration to add a state agency to be lobbied?*

A. Within 20 days of engaging in direct communication with officials of the agency for the purpose of influencing administrative action.

Q. *Must a lobbyist employer list on its registration statements all departments under the umbrella of a state agency (e.g., Board of Nursing within the Department of Consumer Affairs)?*

A. Yes, all departments that will be lobbied must be listed.

Q. *If the lobbyist employer or lobbying firm intends to lobby all state agencies, may it declare "All State Agencies" under "Agencies to be Lobbied," or must it itemize each agency?*

A. In lieu of listing every state agency, the lobbyist employer or lobbying firm may declare that all state agencies will be lobbied. Remember, this means that the gift limits and contribution prohibitions will apply to all state agency officials and all state candidates and officeholders. (See Chapter 7.)

Notice of Termination, Form 606

If, during the legislative session, a lobbyist, lobbying firm, or registered lobbyist employer/lobbying coalition ceases all lobbying activity, a Notice of Termination, Form 606, must be filed. The Form 606 is not required if the lobbyist, lobbying firm, or lobbyist employer/lobbying coalition ceases all lobbying activity at the end of the legislative session.

Exceptions:

- Lobbyist employers/lobbying coalitions that only contract for the services of a lobbying firm do not file Form 606. The lobbying firm must file an Amendment to Registration Statement, Form 605, to delete the lobbyist employer.
- A lobbyist who changes employment and continues to lobby does not file a Form 606. The lobbying firm or lobbyist employer/lobbying coalition the lobbyist is leaving must file a Form 605 indicating the lobbyist's termination. The lobbyist's new lobbying firm or lobbyist employer/ lobbying coalition must also file a Form 605 (or file a registration statement if it is not currently registered) adding the new lobbyist, along with a Form 604 signed by the lobbyist.

How to Complete Form 606

Form 606 must be filed within 20 days of ceasing all lobbying activity. A quarterly report(s) covering the period until the filing of the notice is required, unless lobbying ceases at the end of the legislative session.

Example *United Farmers of California ceased all lobbying activity on March 31, 2003, and filed its Report of Lobbyist Employer, Form 635, covering the period January 1, 2005, through March 31, 2005. United filed its Form 606 on April 30, 2005. It must file another Form 635, covering the period April 1, 2005, through the effective date of termination, April 30, 2005.*

If a lobbyist employer terminates a contract with a lobbying firm and there remains a dispute over payment of fees, or the lobbying firm fails to terminate the lobbyist employer after the employer instructs the firm in writing to do so, the lobbyist employer may file a Form 606, but must file a Form 635 at a later date if additional payments are made to the lobbying firm as a result of the dispute.

Lobbyists and lobbying firms remain subject to the $10 gift prohibition for six months after ceasing lobbying activity.

Notice of Withdrawal, Form 607

Individuals who have filed a Lobbyist Certification Statement, Form 604, or persons who have filed a Lobbying Firm Registration Statement, Form 601, but, in fact, never met the definition of lobbyist or lobbying firm may file a Notice of Withdrawal, Form 607 to terminate reporting obligations. This form may not be used to terminate filing obligations of a person who has qualified as a lobbyist or lobbying firm.

Individuals who filed a Form 604, but never met the definition of lobbyist, are not subject to the $10 gift prohibition once the Form 607 is on file with the Secretary of State's office.

The following chart summarizes several common situations that result in the filing of registration and/or amendment statements. Quarterly disclosure statements are also required of lobbying firms, lobbyists, and lobbyist employers.

Situation	Registration Requirement	Deadline
Entity qualifies as lobbyist employer by retaining an existing lobbying firm.	Firm files 605, attaches 602 signed by lobbyist employer.	Before the firm engages in direct communication.
Entity qualifies as lobbyist employer by employing an in-house lobbyist.	Lobbyist employer files 603, attaches 604 signed by lobbyist.	Within 10 days of qualifying as a lobbyist employer.
Entity qualifies as a lobbying firm by contracting with a lobbyist employer.	Firm files 601, attaches 602 signed by lobbyist employer.	Within 10 days of qualifying as a lobbying firm.
Lobbying firm A subcontracts a client to Lobbying firm B.	Firm B files 605 and attaches a 602 signed by Firm A. No registration requirement for the client.	Before Firm B lobbies for the client.
Lobbyist changes employment. Leaves lobbyist employer to work for existing lobbying firm.	Employer files 605 – no attachment. Firm files 605, attaches 604 signed by lobbyist (fee required).	Within 20 days of the effective date.
Lobbying firm stops lobbying for a client. Client does not employ a lobbyist.	Firm files 605. No termination requirement for client.	Within 20 days of the effective date.
Lobbying firm stops lobbying for a client. Client then employs an in-house lobbyist.	Firm files 605. Lobbyist employer files 603, attaches 604 signed by lobbyist (picture & fee required).	Within 20 days of the effective date.
Lobbyist employer with an in-house lobbyist renews registration.	Employer files 603, attaches 604 signed by lobbyist (picture & fee required).	Between November 1 and December 31 of each even-numbered year.
Lobbying firm renews registration.	Firm files 601, attaches 602 signed by each client and 604 signed by each lobbyist (picture & fee required).	Between November 1 and December 31 of each even-numbered year.

Statutory and Regulatory References

Statutes

8956 *Ethics Training Courses*
86100 *Registration*
86101 *Registration; Time*
86102 *Registration Fees*
86103 *Lobbyist Certification; Requirements*
86104 *Lobbying Firm; Registration Requirements*
86105 *Lobbyist Employer; Registration Requirements*
86106 *Renewal of Registration*
86107 *Registration Statement; Amendment; Termination*
86108 *Registration Statement; Publication*
86109 *Directory of Lobbyists, Lobbying Firms, and Lobbyist Employers*
86109.5 *Directory of Lobbyists, Lobbying Firms, and Lobbyist Employers; Online Version*
86118 *Lobbying Reports; Where to File*

Regulation

18601 *Withdrawal of Lobbyist Certification or Lobbying Firm Registration*

Chapter 4
Gifts and Other Activity Expenses

Activity Expenses

Among other things, lobbyists, lobbying firms, lobbyist employers/lobbying coalitions, and $5,000 filers are required to disclose activity expenses, i.e., payments which benefit the persons identified below under "Definition of Activity Expense." This section provides guidance on reporting activity expenses, the most common of which are gifts (e.g., food, beverages, flowers). However, activity expenses also include any form of compensation, such as consulting fees and salaries.

Complying with the Act's provisions regulating activity expenses often depends upon the nature of the particular event or activity. This section provides guidance for the more commonly asked questions regarding activity expenses. Do not rely on the examples alone to ensure compliance with the Act. For reference, several regulations relating to activity expenses have been reproduced and are included in Appendix 1. Detailed reporting, notice requirements, and gift limits are discussed below. Also discussed are the exceptions that apply to both reporting requirements and to the gift limits.

Definition of Activity Expense

An "activity expense" is any payment that benefits, in whole or in part:

- An elected state officer;
- A legislative official;
- A state agency official;
- A state candidate; or
- A member of the immediate family of such officials or candidates (i.e., spouse and dependent children).

A payment that benefits a state agency official or member of an agency official's immediate family is an activity expense only if the agency that employs the official is, or should be, listed on the donor's lobbying registration statement.

This manual refers to an "agency official" and a "member of an agency official's immediate family" as "reportable persons."

Report activity expenses during the period in which they occurred, regardless of whether the expenses were actually paid during the period. All activity expenses must be reported whether or not lobbying occurs at the time of the event.

Examples *While awaiting the arrival of their respective airplanes, lobbyist Kathy Taylor purchases a cup of coffee for Senator Jim Smith. Even though they only engage in social conversation, the beverage is an activity expense that must be reported on Kathy's Form 615.*

Colleen Jones is a lobbyist for the Olson Corporation. She only lobbies legislation affecting labor relations issues before the California Legislature. Colleen invited Mary Ann Ward, a state official with the Department of Water Resources, to breakfast. Because Colleen does not lobby the Department of Water Resources, the payment for Mary Ann's breakfast is not a reportable activity expense.

Tomas & Winters is a law firm and a lobbying firm. Geneva is a lobbyist registered with Tomas & Winters to lobby the legislature. Recyclers United is a client of the law firm but is not a lobbyist employer. Recyclers United asks Geneva to set up a luncheon meeting with some legislative staff members. Even though Recyclers United is not a *lobbyist employer, since Geneva is a lobbyist, she may not arrange the luncheon meeting if the legislative staff members will receive a gift of more than $10 (i.e., if the lunch will cost more than $10 each). If the gift to the legislative staff members will be $10 or less and Geneva arranges for the meeting, the amount of the gift each legislative staff member receives must be reported by Geneva on her Form 615.*

Kempler Hospital is a lobbyist employer. Janice Duke is a surgeon employed by Kempler Hospital and is the spouse of the Director of Health Services, a state agency the hospital lobbies. Kempler Hospital must report Janice's salary as an activity expense.

Definition of Gift

Gifts are the most commonly reported activity expense. The Act defines a gift as any "payment" (which may be money or anything else of value, such as goods or services) that provides a personal benefit to the recipient for which consideration of equal or greater value is not received by the donor. The term "gift" includes, but is not limited to, payments made for food, beverages, and travel. Exceptions to the term "gift" are provided in Commission regulation 18942 which is contained in Appendix 1, under "Exceptions to Gift and Exceptions to Gift Limits."

Gift Limits

Lobbyists and lobbying firms may not make, or act as an agent or an intermediary in the making of a gift, or arrange for the making of a gift in excess of $10 in a calendar month. This limit applies to any payment made directly or indirectly to any state candidate, elected state officer, legislative official, or to an official of any state agency required to be listed on the registration statement of a lobbying firm or a lobbyist employer/lobbying coalition. In addition, lobbyists and lobbying firms are prohibited from making any payment toward a gift to state officials listed above if the value of the gift is more than $10, even if the gift has multiple donors. Gifts made directly to members of an official's immediate family are not subject to the gift limits unless the family member is also a public official described above, but are subject to disclosure on quarterly reports.

In addition, state agency officials may not receive gifts aggregating more than $360 per calendar year from most other sources, including all lobbyist employers/lobbying coalitions and $5,000 filers.

QuickTIP The $360 gift limitation is revised each odd-numbered year based on changes in the Consumer Price Index. It was last revised January 1, 2005. The $10 gift limit restricting gifts from lobbyists and lobbying firms is not revised.

Arranging a Gift

Lobbyists and lobbying firms are prohibited from making or "arranging" a gift of more than $10 in a calendar month to any state candidate, elected state officer, legislative official, or to an official of any state agency required to be listed on the registration statement of a lobbying firm or lobbyist employer/lobbying coalition. It is not necessary for a lobbyist or lobbying firm to actually pay for or incur an expense to meet the definition of "arranging" a gift.

A lobbyist or lobbying firm "arranges for the making of a gift" if the lobbyist or lobbying firm, either directly or through an agent, does any of the following:

- Delivers a gift to the recipient;
- Invites or sends an invitation to an intended recipient regarding the occasion of a gift;
- Solicits responses from an intended recipient concerning his or her attendance or non-attendance at the occasion of a gift;

- Acts as an intermediary in connection with the reimbursement of a recipient's expenses; or
- Acts as an intermediary in connection with the reimbursement of a recipient's expenses.

Examples *Lobbyist Dan Martinez invites a legislator to lunch. After the lunch has been arranged, Dan invites lobbyist Shirley Than to attend. Dan pays the entire cost of the lunch. Shirley is not required to report the luncheon because she did not pay for or "arrange" the gift. On his Form 615, Dan must report the entire cost of the lunch, provide the legislator's name, and the amount that was attributable to the legislator.*

Together, Dan and Shirley invite a legislator's aide to lunch. The lobbyists share the cost of the lunch. They must both report the activity. In addition to reporting the amount they each paid, each lobbyist must report the total value of the aide's meal, indicate that the amount paid was a portion of the total cost, and report the total cost.

A lobbying firm's client hosts a reception for some legislators and their staff. The lobbying firm is the contact for the legislative officials, and the officials call the lobbying firm to RSVP. Although the lobbying firm does not make any of the payments in connection with the reception, the lobbying firm must report the event as an activity expense because the firm's activities come within the definition of "arranging a gift." If the client is a lobbyist employer, it must also report the activity expense.

Adrianne Kent is an employee of a law firm. The law firm is also a lobbying firm, although Adrianne is not a lobbyist. Adrianne is going to take a legislative staff member to lunch and charge it to the law firm's credit account. Even though Adrianne is not a lobbyist, the law firm must report the lunch as an activity expense.

Quick TIP In each of the previous examples, the benefit provided to the legislative officials may not exceed $10 in value.

Example *The California Insurance Coalition, a lobbyist employer, held its annual convention in South Lake Tahoe. Staff of the Coalition invited legislative officials and directed and controlled the event's preparations. The Coalition's lobbyist did not solicit responses to the event or direct or control any payment in connection with the event. The lobbyist may attend the event as long as an officer, manager, or executive of the Coalition is also present. The lobbyist is not required to report activity expenses in connection with the event on his or her Form 615. The activity expenses are reported on the Coalition's Form 635. The amount benefiting each legislative official is subject to the $360 annual gift limit.*

Source of a Gift

Generally, a person is the source of a gift if the person makes a gift to a reportable person and is not acting as an intermediary. Determining the source of a gift is based on the specific facts of each event. If you need assistance to determine the source of a gift, contact the Technical Assistance Division prior to the event. Also, guidance for determining the source of a gift may be found in regulation 18945, Appendix 1, under "Gift, Source."

Examples *The Association of Consultants, a lobbyist employer, is holding a reception to entertain the California Legislature, legislative staff, and other public officials. The Association directs and controls the event's preparations, including determining the guest list, and planning the reception and entertainment. Although other business entities have been solicited to help fund the event, the contributing entities are not involved in any of the reception's* *preparations, including the invitations. The Association is the source of the gift (activity expense) to each reportable person who attends the event. In addition, the gift counts toward each official's $360 annual gift limit from the Association. The other business entities are not considered the source of the gift and do not incur reporting obligations.*

On another occasion, at the request of the Olson Corporation, the Association invites an Assembly member to dinner to discuss a bill. The Olson Corporation, an Association member and also a lobbyist employer, agreed earlier to reimburse the Association for this specific event. The Olson Corporation is the source of the gift because it directs and controls a payment benefiting a clearly-identified official. Therefore, the Olson Corporation, not the Association, must report the dinner as an activity expense on its Form 635.

WORLD WIDE BOX

July 14, 2004

Honorable Sonia Montana
State Senator, SD 40
State Capitol, Room 8
Sacramento, CA 95814

Dear Senator Montana:

Thank you for attending our reception on April 10, 2004. Please be advised that we will be reporting on our second quarter lobbying disclosure statement that you received a gift of $75.21.

If you have any questions, please contact me at 415/555-5438.

Sincerely,
Alice Hummer
Vice President/California

Gift Notifications

Filers of lobbying disclosure reports are required to notify officials to whom they make gifts aggregating $50 or more in a calendar year. The notification requirements are provided below.

Invitations

Lobbyists, lobbying firms, lobbyist employers/lobbying coalitions, and $5,000 filers are required to include the following notice in all written or printed invitations to events at which an elected state officer, a candidate for elective state office, a legislative official, or a state agency official will receive a reportable gift. The notice must be printed in no less than 8-point type and in a color or print that contrasts with the background of the invitation and must state:

> *Attendance at this event by a public official will constitute acceptance of a reportable gift.*

Notification to the Beneficiary of a Gift

Correspondence notifying an official who is the beneficiary of a gift must be sent to the official within 30 days following the end of each calendar quarter in which the gift was provided. The correspondence must provide the following information:

- The date the gift was provided to the official;
- The amount of the gift; and
- A description of the goods or services provided.

QuickTIP In lieu of this notice, a copy of the "activity expense" section of the donor's quarterly lobbying disclosure report may be provided.

Important Notes:

- Elected state officers and candidates for elected state office must report gifts received from a single source totaling $50 or more in a calendar year.

- Designated employees of state agencies and members of state boards and commissions must report gifts totaling $50 or more in a calendar year from sources specified by their agency's conflict-of-interest code.

Valuing Gifts

In most circumstances, to determine the amount of a gift, the fair market value must be used. (See exceptions below.) The fair market value is the amount the recipient would pay for the item on the open market.

Example *The Franco Winery, a lobbyist employer, provides a bottle of its wine to a reportable person. The wine constitutes a gift and is a reportable activity expense. For reporting purposes, the wine is valued at what it would cost a member of the public to buy the same bottle of wine on the open market.*

Passes and Tickets

Passes or tickets given to an official that provide admission or access to facilities, goods, services, or other benefits are reportable gifts and activity expenses if they are used by the official or if the official transfers the item to another person. Such gifts are subject to the Act's $10 and $360 gift limits. The value of a pass or ticket that provides:

– One-time admission: the face value of the pass or ticket, excluding service fees associated with the purchase of the ticket, or if there is no stated cost, the price offered to the general public.

– Repeated admission or access to facilities, goods, services, or other benefits: the fair market value of the actual use of the pass or tickets by the recipient official, including guests who may accompany the official and who are admitted with the pass or tickets, plus the fair market value of any possible use by any person to whom the official transfers the privilege or use of the pass or tickets.

Tickets to Nonprofit & Political Fundraisers

– Nonprofit associations not exempt under Section 501(c)(3) of the Internal Revenue Code: The value of a ticket to a fundraising event that clearly states that a portion of the ticket price is a donation to a nonprofit organization is the face value of the ticket reduced by the amount of the donation. If the ticket has no stated price or no stated donation portion, the value of the gift is the fair market value of any food, beverage, or other tangible benefits provided to each attendee.

– Nonprofit associations exempt under Section 501(c)(3) of the Internal Revenue Code: A ticket to a fundraising event for a nonprofit organization exempt under Section 501(c)(3) of the Internal Revenue Code has no value.

– Political fundraiser: A ticket to a political fundraiser has no value.

Wedding Gifts

For purposes of valuing wedding gifts, one-half of the value of the gift is attributable to each spouse, unless the gift is intended exclusively for the use and enjoyment of one spouse. If this is the case, the entire value of the gift is attributable to that individual. Lobbyists and lobbying firms are subject to the $10 gift limit for wedding gifts. All other donors are not subject to a gift limit.

Example *A lobbyist purchases linens as a wedding gift for an Assembly member and spouse. The value of the gift may not exceed $20.*

Home Hospitality

The cost of providing hospitality involving food, beverage, or occasional lodging at the home of a lobbyist is a reportable gift only if:

- Part of the cost is paid or reimbursed by the lobbyist's employer or lobbying firm;
- The lobbyist deducts any cost as a business expense on a tax return;
- There is an understanding that some of the lobbyist's compensation is for home hospitality. (See regulation 18630, Appendix 1, under "Home Hospitality.")

Example *Andrea Singh, a lobbyist, hosts a private dinner at her home for some friends and invites Brenda Shoemaker, a legislative staffer. The costs incurred by Andrea for the dinner are not a gift to Brenda, as long as the provisions of regulation 18630 are met. On another occasion, Andrea offers to host a birthday party for Brenda in Andrea's home and invites several of Brenda's friends. Because attendees will bring gifts to Brenda, a reportable person, the home hospitality regulation does not apply. Brenda would be receiving a gift from Andrea subject to the $10 gift limit. The cost of hosting the event (e.g. the pro-rata value of the decorations and food) and any tangible item(s) would count toward the gift limit. In addition, Andrea is "arranging" for the making of gifts from others, which will also be subject to the $10 gift limit.*

Informational Tours

On-site demonstrations, tours, or inspections designed specifically for officials are not gifts and are not subject to either the $10 or $360 gift limits. Travel to the site and subsistence provided to an official during an informational tour are generally considered gifts and are reported as activity expenses. However, transportation that is an integral part of the tour and is not commercially available may be considered informational material and not a gift.

Example *A chartered bus tour of the Sacramento-San Joaquin Delta provided to legislators by an association of water agencies constitutes informational material, not a gift to the legislators. The tour enabled legislators to examine levees, fishing facilities, and local and state water projects in the Delta. Speakers from the California Departments of Water Resources and Fish and Game provided information throughout the tour. Thus, the tour served primarily to convey information and was provided to the legislators to assist them in performing their official duties of making decisions regarding California water policy. Expenses directly related to the bus tour are reported by the lobbyist employer under "Other Payments to Influence Legislative or Administrative Action." However, a legislator's air fare from Los Angeles to the tour site and the food and beverages provided in connection with the tour are gifts subject to the limits and disclosed under "Activity Expenses."*

Informational Material

In general, informational material (e.g., books, reports, pamphlets, calendars) provided to an official for the purpose of assisting him or her in the performance of his or her official duties is not considered a gift or an activity expense. If the official can also use the informational material for personal purposes, the informational material provided is a reportable activity expense. For example, providing an official with a *Consumer Reports* magazine subscription and a decorative map have been determined to be an activity expense because the items also provided a personal benefit to the official.

See page 5-9 for information on reporting the costs of studies, surveys, reports, or other materials used in connection with lobbying activities.

Personalized Plaques and Trophies Valued at Less than $250

A personalized plaque or trophy valued at less than $250 is not considered a gift to a public official and is not reportable as an activity expense by the donor.

Example *The Association of College Students hosts an awards banquet and presents a "Legislator of the Year" engraved plaque to a legislative member. The value of the engraved plaque is less than $250. The legislative member does not report the plaque as a gift, nor does the Association report the plaque as an activity expense.*

Testimonial Events

When an official is honored at a testimonial dinner or similar event, the official's gift is valued at his or her pro rata share of the cost of the event plus the value of any specific item presented to the official at the event.

If the honored official has left office at the time the event is held, the $10 and $360 gift limits do not apply.

Invitation Only Events

When an official attends an invitation-only event such as a banquet, party, gala, celebration or other similar function, the official's gift is valued at his or her pro rata share of the cost of the event plus the value of any specific item presented to the official at the event.

Invitation Only Events Official Performs a Ceremonial Function

When an official, by virtue of his or her position, performs a ceremonial role at an event, only food and beverages plus the value of any specific item provided to the official, are valued to determine the official's gift.

Ticketed Events Official or Ceremonial Functions

When an official otherwise performs an official or ceremonial role or function on behalf of his or her agency, tickets given to the official and his or her spouse and immediate family are not gifts.

Baby Showers

When an official is honored at a baby shower, the official's gift is valued at his or her pro rata share of the cost of the baby shower (e.g., decorations and refreshments) plus any gifts for the specific use of the official (e.g., gift certificates). These gifts are subject to the $10 and $360 gift limits and must be reported as an activity expense.

Gifts for the specific use of the baby (e.g., stroller, blanket, and clothing) are gifts to the baby and are not subject to the $10 or $360 gift limits.

Valuing Food and Beverage

Gifts of food and beverage are the most commonly reported activity expenses.

- Restaurants. When food and beverage is provided to an official at a restaurant, the value of the gift is the actual cost of the items consumed by the official plus a pro rata amount for tax and tip.
- Testimonial Dinners and Invitation-Only Events: The value of such events is the pro rata share of the cost of the event. This includes the cost of all food and beverages, rent of the facilities, decorations, entertainment and all other costs associated with the event divided by the number of acceptances or the number of attendees. It is not permissible to divide the total cost of the event by the number of individuals invited.

However, if an official notifies the donor/host in writing that he or she did not stay for any meal or entertainment and received only minimal appetizers and drinks, the value of the gift is the cost of the food and beverage consumed by the official and guests accompanying the official plus the value of any specific item provided to the official at the event. If the amount has been disclosed on a quarterly statement, the donor may adjust the amount benefiting the reportable person by filing a Form 690, Amendment to Lobbying Disclosure Report.

General Rules:

- An official has not received a gift if he or she returns the gift, unused, to the donor or donates the gift, unused, to a government entity or charitable organization within 30 days. The official may also reimburse the donor for some or all of the value of the gift. The reimbursement must occur within 30 days.
- The term "pro rata share of the cost of the event" means the cost of all food and beverages, rent of the facilities, decorations, entertainment, and all other costs associated with the event, divided by the number of acceptances or the number of attendees.
- A lobbyist who does not make or arrange for a gift to an official may attend an event where the official receives a gift of more than $10 if the person making the gift (or the person's representative) is also in attendance.
- When a reception or other event to entertain or meet with officials is held in conjunction with other meetings, such as an organization's annual meeting, report the total cost of the reception and not the total cost of the organization's annual meeting in the column "Total Amount of Activity."
- When the expenses of an event are shared, report the amount the lobbyist, lobbying firm, lobbyist employer/lobbying coalition, or $5,000 filer paid toward the event in the "Total Amount of Activity" column. In addition, report the total cost of the event in a footnote. See page 5-9 for an example.
- At large gatherings, a guest book or sign-in sheet should be used to identify the reportable persons that attended the event. Records must indicate the total number of individuals who attended and the amount attributable to each. However, it is not necessary to list guests who are not reportable persons on a lobbying disclosure statement.
- The $10 and $360 gift limits do not apply to a member of the immediate family (spouse and dependent children) of a state candidate, legislative official, elected state officer, or state agency official. However, gifts provided to immediate family members are reportable activity expenses.
- Generally, gifts given directly to members of an official's immediate family are not gifts to the official as long as the official does not use the gift or exercise direction and control over it. However, if an official enjoys a direct benefit from a single gift, as well as members of the official's family, the gift's full value is attributed to the official.

Example *Senator Ivan Reeves and spouse attend an event at which the benefit received is $25 per person. If the invitation is addressed to "Senator Reeves and Spouse," the amount of the gift attributable to the Senator is $25. However, if the invitation is addressed to "Senator Reeves and Guest," and the spouse or another individual attends the event, the amount of the gift attributable to the Senator is $50 because he determined who the guest would be.*

- If the guest of an official stays in the same hotel room as the official, the full amount for the lodging is attributable to the official, even if the guest is the official's spouse.

Payments for Legislative, Governmental or Charitable Events ("Behested Payments")

Periodically, lobbying entities are asked by state elected officeholders to make payments or provide goods or services to support an event or activity. Because such activities are at the behest of an officeholder, the issue arises whether these payments are reportable contributions or gifts.

In general, payments are considered contributions if they are made principally for election-related activities. If a portion of a payment is for election-related activities, the payment is considered a "contribution." For guidance, a list of election-related activities is provided in Government Code section 82015 (b)(2)(C)(i-viii). As reviewed in Chapter 5, filers of lobbying reports must disclose contributions of $100 or more made to state candidates and officeholders.

The following types of payments made at the behest of a candidate are presumed to be for purposes unrelated to a candidate's candidacy for elective office and, therefore, are not contributions:

- A payment made principally for personal purposes;
- A payment made by a governmental agency or an organization with a tax exempt status under Internal Revenue Code Section 501(c)(3); and
- A payment made principally for a legislative, charitable, or governmental purpose.

As reviewed in the preceding pages, a payment made principally for a personal purpose may be considered a gift and a reportable activity expense. Officeholders are also required to report certain gifts of $50 or more received from the same source in a calendar year. Gifts are also subject to limits.

State elected officeholders are required to report a payment made at their behest if the payment was made principally for a legislative, charitable, or governmental purpose. State officials file this report with their agency and, within 30 days, a copy of the report must be forwarded to the FPPC. Only sources of payments aggregating $5,000 or more in a calendar year are disclosed. The public document must include, among other items, the date of the payment, source, payee, and a description of the specific purpose or event for which the payment was made.

When a lobbyist employer or $5,000 filer makes such a payment under this provision, the payment must be reported if the payment was made in connection with "influencing legislative or administrative action." Such determination is made on a case by case basis. Donations to charities (e.g., a nonprofit organization exempt under section 501(c)(3) of the Internal Revenue Code) are not required to be reported on the quarterly lobbying disclosure statement.

Examples *At the behest of a state Senator, the Opti Company made a $7,000 direct payment to the Cancer Society, a 501(c)(3) organization. The Opti Company is not required to report the payment on its quarterly lobbying report. The Senator will file a report disclosing the charitable payment. The Senator's report is filed with the Senate Rules Committee, and a copy is sent to the Fair Political Practices Commission. The report is a public document.*

On another occasion, the Opti Company, at the Governor's behest, made a $10,000 payment to the nonprofit corporation set up for the Governor's inaugural. The Opti

Company must report the payment on its quarterly lobbyist report under the category, "Other Payments to Influence."

The Opti Company, at the behest of an Assembly member, made a payment to a Sacramento restaurant for food and beverages for several legislators and staff who were working late one evening. This payment is a gift and must be reported on the quarterly lobbying report under the category, "Activity Expense." The legislators and staff may also be required to report this gift.

Honoraria Ban

Legislative officials, most state and local officials and employees, and candidates for state and local office may not accept honoraria payments.

"Honorarium" means any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

While most officials are subject to the ban on accepting honoraria, payments or reimbursements for an official's transportation, lodging, and subsistence are generally not considered honoraria.

Travel Payments

In general, payments for travel (ground or air transportation, lodging, and meals) that benefit an official constitute gifts. However, depending on the circumstances, a travel payment may not be subject to limits, or may be considered a contribution or income to the official.

Regulations 18944.2 (Gifts to an Agency), 18950.1 (Gifts of Travel: Exceptions), 18950.3 (Travel in Connection with Speeches, Panels, and Seminars: Exception for All Filers), and 18950.4 (Payments for Travel) in Appendix 1 provide guidance for determining whether a specific travel payment is a gift, income, or a contribution and whether the payment is reportable and subject to gift limits. The regulations address:

- Travel in connection with a speech;
- Travel provided by governmental entities and charities;
- Travel provided to an official's agency;
- Travel in connection with a bona fide business; and
- Travel in connection with campaign activities.

Following is a selected summary of the Commission's current advice. This advice is based on specific sets of circumstances and is provided for informational purposes only. Do not rely on the examples alone to ensure compliance with the Act. It is recommended that persons contact the Commission before making travel payments.

- An official was advised that acceptance of Super Bowl tickets from a nonprofit organization that promotes local sports and the use of its private corporate jet to attend the Super Bowl would violate the gift limit. However, the official could reimburse the organization for the amount over the gift limit within 30 days of receipt.
- An Assembly member has been advised that payment for airfare to Maui, Hawaii, to participate as a keynote speaker at an association's convention that focused on developing Pacific Rim markets for agricultural products was reasonably related to a governmental purpose. The airfare payment is not subject to gift limits, but must be reported as an activity expense. The requirement to report the payments for lodging and meals will depend on the specific facts of the trip.
- An organization provided travel and accommodations to a state agency's employees so that the employees could

attend a training program. Because the state agency received and controlled the payments for travel from the organization, used the payments for agency business, selected the employees who attended the training program, and recorded the payments in a public record, the Commission advised that the travel payments constituted a gift to the state agency and not gifts to the state employees who attended.

- An Assembly member's administrative assistant has been advised that he may accept payments from a lobbyist employer for transportation, room and board, and a speaking fee for his performance as a stand-up comic. The payments for his performance constitute earned income in connection with his bona fide business. The lobbyist employer is required to report the payments as an activity expense.
- The Commission has advised that a third party's payments for an elected official's air travel to attend the official's campaign fundraiser is a contribution. Contributions of $100 or more must be reported on a lobbying disclosure quarterly report.
- An association paid an official's transportation, meals, and lodging expenses directly in connection with an event at which the official gave a speech in Pebble Beach, California. The payments are not subject to the gift limits and are not reportable by the association or the official.

Important Notes:

- If an official claims that a payment for travel is income and not a gift, the official has the burden of proving that the consideration he or she provided was of equal or greater value than the payment received. There is no exact formula to determine whether an official has provided consideration of equal or greater value, and, ultimately, this determination is a factual one. Such payments are generally considered a gift, although they may not be subject to the gift limits.
- Regulation 18950.1 exempts certain travel payments from the $360 gift limit but does not exempt the payments from the $10 gift limit imposed on lobbyists and lobbying firms.

Questions and Answers

Q. *A lobbyist uses personal funds to take an official to lunch. The lobbyist is later reimbursed by his or her employer. Is the lobbyist subject to the $10 gift limit under these circumstances?*

A. Yes. Whether a lobbyist is reimbursed by his or her employer, a lobbyist may not make a gift benefiting an official of more than $10 in a calendar month.

Q. *Is a lobbying firm prohibited from arranging an out-of-state speaking engagement for an official on behalf of one of the firm's clients?*

A. Out-of-state travel is a gift which is subject to the $10 gift limit. Therefore, any employee of the lobbying firm is prohibited from arranging the travel.

Q. *Must the gift notification language be provided on all invitations to events?*

A. No. Only invitations to an event at which an official will receive a reportable gift. Officials must report gifts aggregating $50 or more in a calendar year from a single source.

Q. *When a lobbyist employer makes a gift of $50 or more to the spouse of a legislator, is the lobbyist employer required to send the gift notification?*

A. The notice is not required unless the legislator's spouse is a state officeholder, state candidate, or an official of a state agency lobbied by the filer.

Q. *May an official and spouse spend a weekend at the vacation home of a* *lobbyist when the lobbyist does not stay at the house the entire weekend?*

A. No. The time the lobbyist does not stay with the official is considered a gift from the lobbyist and subject to the $10 gift limit. Since the value of the use of the house exceeds the $10 gift limit, the lobbyist is prohibited from permitting the official's use of the vacation home without the lobbyist or a member of the lobbyist's immediate family present.

Q. *May a trade association provide a T-shirt, valued at $10, to a public official who gives a speech at the association's annual conference?*

A. Yes. Regulation 18950.3 provides that a non-cash, nominal benefit such as a coffee mug, T-shirt, pen, etc., may be provided to an official attending an event when the official gives a speech, participates in a panel or seminar, or provides a similar service. The item is not reportable or subject to the $10 or $360 gift limits. The regulation is intended to provide an official the opportunity to accept a nominal item for his or her services.

Q. *If a lobbyist pays for a reportable official's meal and within 30 days is reimbursed by the person for the full amount of the meal, must the lobbyist disclose the meal as an activity expense?*

A. No. As long as reimbursement occurs within 30 days, the lobbyist is not required to disclose the activity.

Q. *May a lobbyist, who is acting in his or her capacity as the executive director of an association, make or arrange a gift benefiting an official of more than $10?*

A. No. No matter what other position a lobbyist holds, the gift limit and the prohibition against making or arranging gifts over $10 apply.

Q. *May a lobbyist take an official to lunch and pay more than $10 if the official buys the lobbyist's lunch the next time they meet?*

A. No. There is no provision in the law for reciprocating or exchanging gifts with a lobbyist.

Statutory and Regulatory References

Statutes

82015	*Contribution*
82028	*Gift*
82038	*Legislative Official*
86111	*Activity Expense; Agency Official*
86112.3	*Invitations*
86112.5	*Notification to Beneficiary of a Gift*
86201	*Gift*
86203	*Unlawful Gifts*
87207	*Disclosure of Income*
89501	*Honoraria (Definition)*
89502	*Honorarium (Prohibition)*
89503	*Gift Limits*
89506	*Travel Payments, Advances and Reimbursements*

Regulations

18624	*Lobbyist Arranging Gifts*
18630	*Home Hospitality (86203)*
18640	*Activity Expenses*
18940.2	*Gift Amount Limit*
18941	*Receipt, Promise and Acceptance of Gifts*
18942	*Exceptions to Gift and Exceptions to Gift Limits*
18942.1	*Definition of "Informational Material"*
18943	*Return, Donation, or Reimbursement of a Gift*
18944	*Valuation of Gifts to An Official and His or Her Family*
18944.2	*Gifts to an Agency*
18945	*Source of Gifts*
18945.3	*Intermediary of a Gift*
18946	*Reporting and Valuation of Gifts*
18946.1	*Reporting and Valuation of Gifts: Passes and Tickets*

18946.2 *Reporting and Valuation of Gifts: Testimonial Dinners and Events*
18946.3 *Reporting and Valuation of Gifts: Wedding Gifts*
18946.4 *Reporting and Valuation of Gifts: Tickets to Nonprofit and Political Fundraisers*
18950.1 *Gifts of Travel: Exceptions*
18950.3 *Travel in Connection With Speeches, Panels, and Seminars: Exception for All Filers*
18950.4 *Payments for Travel in Connection with Campaign Activities*

Chapter 5
Quarterly Disclosure Reports

Lobbyists, lobbying firms, lobbyist employers, lobbying coalitions, and $5,000 filers must file quarterly disclosure reports. This chapter reviews the common issues associated with completing the quarterly statements.

There are four different quarterly reports: Lobbyist Report, Form 615; Report of Lobbying Firm, Form 625; Report of Lobbyist Employer and Report of Lobbying Coalition, Form 635; and, Report of Person Spending $5,000 or More to Influence Legislative or Administrative Action, Form 645. Although there are four different forms, the disclosure provisions are similar and, therefore, have been summarized into general guidelines. Following the "General Guidelines" section is a discussion of those issues that are unique to each form.

General Guidelines

When and Where to File

Reports are due at the end of the month following the end of each calendar quarter. Reports must be filed for each calendar quarter, regardless of the level of activity.

Exception: $5,000 filers are only required to file a report for each calendar quarter in which they spend $5,000 or more to influence legislative or administrative action. This amount does not include "activity expenses." (See Page 4-1 for a definition of activity expenses.)

Most lobbying filers must file quarterly reports electronically or online, although some may be required to file on paper (an original and one copy). (See Chapter 2 for guidance.) All reports are filed with:

Secretary of State
Political Reform Division
1500 11th Street, Room 495
Sacramento, CA 95814

Reporting Period

The period covered on each report is the entire calendar quarter. The "cumulative period" begins with January 1 of the current biennial legislative session. (Legislative sessions begin in odd-numbered years.)

Exceptions:

- For a person who qualifies as a lobbying firm or lobbyist employer/lobbying coalition after the first quarter of the current legislative session, the cumulative period begins with the first day of the calendar quarter in which the lobbying entity qualified.
- For a $5,000 filer, the cumulative period is the first day of the calendar quarter in which the $5,000 filer qualified.

Record Retention

Records and substantiating documents must be retained for a period of five years following the date of the filer's final report for that calendar year. (See Chapter 6.)

Legislative or State Agency Administrative Action "Actively" Lobbied

Report only those legislative or administrative actions that were "actively lobbied" during the quarter. An action has been "actively lobbied" if a partner, owner, officer, or employee of the filer, or a lobbying firm with which the filer has contracted, has either engaged in direct communication, or been directed by the filer to engage in direct communication with a qualified official for the purpose of influencing the action on behalf of the filer. (See Chapter 1 for the definitions of "direct communication," and "legislative or administrative action.") When listing state administrative action, provide the name of the state agency or department. In lieu of bill numbers and regulation numbers, a specific description of each legislative or administrative action actively lobbied during the quarter may be provided.

Do not list bills or administrative actions that:

- Have died prior to the reporting period;
- Are only being watched or monitored; or
- The lobbyist employer/lobbying coalition has not attempted to influence during the calendar quarter.

Activity Expenses

Itemize all activity expenses that were incurred or arranged during the quarter, regardless of whether they were actually paid during the calendar quarter. An activity expense reported on a previous quarterly report as incurred need not be reported again when actual payment is made.

An itemized activity expense must include the date, name and address of payee, name and position of each reportable person and a description of the expense (e.g. reception, flowers). Disclose the amount of benefit for each reportable person and the total amount of the activity. Do not list employees or members of the lobbyist employer/lobbying coalition or other non-reportable individuals.

Lobbying firms must report activity expenses reimbursed by a lobbyist employer/lobbying coalition that contracts with the lobbying firm.

Notes:

- Do not attach copies of invoices, credit card receipts, or checks to the statement. Such documents should be kept in the recordkeeping file.
- When an activity expense is shared, list the filer's payment in the "Total Amount of Activity" column. Indicate in a note the total cost of the activity expense and that the cost was shared by others.
- When an activity expense is charged to a credit card, report both the credit card company and the vendor.
- When an activity expense is paid by a lobbyist employer's or lobbying firm's sponsored recipient committee, the expense must be reported on the quarterly report as though it were made by the filer directly. In addition, if a subsidiary of a filer pays for an activity expense on the filer's behalf, the filer must report the payment.

QuickTIP See Chapter 4 for more information on activity expenses.

Prohibited Campaign Contributions

Lobbyists and lobbying firms are prohibited from making certain contributions. (See Chapter 7.)

Campaign Contributions Disclosure

Lobbyists, lobbying firms, lobbyist employers/ lobbying coalitions, and $5,000 filers must disclose all contributions made that total $100 or more during the calendar year to state candidates, elected state officers, their controlled committees (including controlled ballot measure committees), and committees primarily formed to support or oppose such officers or candidates. (Do not report contributions to federal candidate committees.) Report the date of the contribution, the name of the recipient, the recipient's committee identification number, if applicable, and the amount of the contribution.

Form 635
Part B

B. Contributions of $100 or more which have not been reported on a campaign disclosure statement, including contributions made by an organization's sponsored committee, must be itemized below.

Date	Name of Recipient	I.D. Number if Committee	Amount
5/15	Shawna Overland for State Senate	120663	$ 1,000
5/15	Carlton Kennedy for Governor	1205101	2,500

☐ If more space is needed, check box and attach continuation sheets.

NOTE: Disclosure in this report does not relieve a filer of any obligation to file the campaign disclosure statements required by Gov. Code Section 84200, et seq.

If a lobbyist, lobbying firm, or lobbyist employer/lobbying coalition makes a contribution prior to qualifying as a lobbying filer, but within the same calendar quarter of registering to lobby, the filer must disclose the contribution.

Example *In January 2004, Emily Browski made a contribution from her personal funds to State Senator Karl Najimy's local committee for mayor. In March 2004, Emily became a lobbyist registered to lobby the Legislature. Because Senator Najimy is an elected state officer, Emily must report the contribution on her Form 615 for the first quarter of the year. (As a lobbyist, Emily is prohibited from making future contributions to a state or local committee controlled by the Senator.) Later that year, Emily made a personal contribution to a candidate for Attorney General. This contribution was permissible because Emily does not lobby the Department of Justice. Nevertheless, if the contribution was $100 or more, it must be reported.*

If all of the contributions made during the quarter by the lobbying firm, lobbyist employer/lobbying coalition, $5,000 filer, or by its sponsored committee are reported on a campaign disclosure statement required under Government Code section 84200 et seq. (e.g., Form 460 or 461), which is on file with the Secretary of State, identify the name of the committee and, if applicable, the committee's identification number. It is not necessary to itemize these contributions.

QuickTIP If a lobbying firm, lobbyist employer/lobbying coalition, $5,000 filer, or a sponsored committee of one of these filers has made a late contribution to a state candidate or officeholder within a calendar quarter, but has not yet filed the corresponding campaign disclosure statement (e.g., Form 460 or 461) with the Secretary of State, the late contribution should be reported on the quarterly lobbying statement, even if a Late Contribution Report, Form 497, has been filed.

Delivering Contributions

Contributions may not be personally delivered in the State Capitol, in any state office building, or in any office for which the State of California pays the majority of the rent. The only exception to this prohibition is a legislative district office. "Personally delivered" includes the delivery of a copy or facsimile of a contribution, and the original or a copy of a contribution transmittal letter. "Personally delivered" does not include contributions sent through the mail.

Lobbyists must report contributions they make during the calendar quarter that total $100 or more in the calendar year and those that they personally deliver to state candidates or elected state officers, regardless of the source of the contribution. However, contributions delivered for a lobbyist employer or another person need not be reported by the lobbyist unless the lobbyist personally delivers the contribution to the candidate or officeholder, or to the candidate/officeholder's treasurer or agent, in the candidate/officeholder's presence and with their knowledge.

Example *Luisa Torres is an in-house lobbyist for Campbell Trucking Company. On the company's behalf, Luisa delivers a campaign contribution to Senator Debbie Mizuki's reelection campaign headquarters. The Senator is not present, so Luisa gives the contribution to the campaign committee's treasurer. Since the contribution was not from Luisa, nor was it personally delivered to the Senator or in the Senator's presence and with her knowledge, Luisa is not required to report the contribution on her Lobbyist Report, Form 615.*

Question & Answer

Q. *May a lobbyist attend a fundraiser if the ticket is paid in full by a lobbyist employer?*

A. Yes. A lobbyist may attend a fundraiser as long as the lobbyist's personal funds or assets are not used to pay for the ticket. See FPPC regulation 18572 for restrictions.

Verification

In the case of the lobbyist report, Form 615, the paper report must be signed by the lobbyist. If the lobbyist is not available to sign the report on or before the filing deadline, an agent of the lobbyist may sign the report. The agent should attach a note stating that, as soon as the lobbyist is available, he or she will sign the report and an amendment with the proper signature will be filed.

In the case of the lobbying firm report, Form 625, the paper report must be verified and signed by the individual who is designated on the lobbying firm's registration statement as the responsible officer of the lobbying firm. If the designated responsible officer is not available to sign the report on or before the filing deadline, another responsible officer of the lobbying firm or an attorney or certified public accountant may sign the report. An explanatory note should be attached stating that, as soon as the designated responsible officer is available, he or she will file an amendment with the proper signature.

In the case of the lobbyist employer/lobbying coalition report, Form 635, and $5,000 Filer report, Form 645, the verification must be signed by a responsible officer, or by an attorney or a certified public accountant who acts as an agent for the entity or organization. The same individual is not required to sign all statements.

Amendments to Disclosure Reports

To amend information disclosed on a lobbying disclosure report, e.g. Form 615, 625, 630, 635, 635-C, 640, or 645, file an Amendment to Lobbying Disclosure Report, Form 690. (For more information, see page 5-14.)

Quarterly Report and Attachments

The following section provides instructions and examples for completing the four quarterly reports: Forms 615, 625, 635, and 645. The attachment forms, Forms 640, 635C, and 630, are reviewed immediately following the Form 635, since these are the most commonly used attachments for this form. The form to amend the quarterly reports, Form 690, concludes the chapter.

Lobbyist Report, Form 615

A lobbyist must identify his or her name and address, and disclose activity expenses and campaign contributions.

All "activity expenses" arranged, incurred, or paid by the lobbyist must be itemized during the period in which they occurred regardless of whether they were actually paid during the period. When reporting under the "Name and Official Position of Reportable Person and Amount Benefiting Each," neither the lobbyist nor any other person who is not a reportable person is required to be listed. However, the total number of persons who benefited must be kept in the lobbyist's records. When reporting under the "Total Amount of Activity," the total amount paid, arranged, or incurred for the activity must be reported, not just the amount benefiting reportable people.

Form 615
Part I

PART I - ACTIVITY EXPENSES PAID, INCURRED, ARRANGED OR PROVIDED BY THE LOBBYIST (See definitions and instructions on reverse.)

☐ I have reviewed the form and instructions for reporting Activity Expenses and I have nothing to report.

Date	Name and Address of Payee	Name and Official Position of Reportable Persons and Amount Benefiting Each		Description of Consideration	Total Amount of Activity
5/2	See's Candy 1009 L Street Sacramento, CA 95814	Amanda Burr Senator Black's Daughter	$ 15.00	Candy	$ 15.00
6/5	The River Eatery 400 Front Street Sacramento, CA 95814	Cecil Prakash Senator	6.00	Cocktail	24.00

The completed Form 615 must be submitted to the lobbyist's employer or lobbying firm for filing within two weeks following the end of each calendar quarter.

If a lobbyist changes employers in the middle of a quarter, the lobbyist will file two Form 615s: one covering the period with the former employer and one covering the period with the new employer.

Report of Lobbying Firm, Form 625

A lobbying firm must file Form 625. In addition, a Form 615, completed by each partner, owner, officer, or employee of the lobbying firm who qualifies as a lobbyist also must be filed. A lobbying firm that is a member of a lobbying coalition must also include Form 630, Payments Made to Lobbying Coalitions, with its quarterly Form 625.

Partners, Owners, Officers, and Employees Who Engaged in Direct Communication

If no partner, owner, officer, or employee of the firm qualifies as a lobbyist, list the name and title of each partner, owner, officer, or employee of the lobbying firm who, **on at least five separate occasions during the quarter, engaged in direct communication** with any elected state official, legislative official, or agency official for the purpose of influencing legislative or administrative action. Do not include employees whose actions were solely clerical.

Payments Received in Connection With Lobbying Activity

List the name, address, and telephone number of each lobbyist employer/lobbying coalition on whose behalf the lobbying firm is registered to lobby whether or not the firm has received a payment from the client during the calendar quarter.

If a payment for a client is received from another source (e.g., a public relations firm, or administrative services company), the lobbying firm must report both entities.

If a lobbying firm receives a payment in connection for lobbying on behalf of another lobbying firm's client, the lobbying firm receiving the payment must report the other lobbying firm and the client.

Form 625
Part II

PART II - PAYMENTS RECEIVED IN CONNECTION WITH LOBBYING ACTIVITY (Amounts may be rounded off to whole dollars. See instructions on reverse.)

Employer's Name, Address and Telephone Number
City of Rolling Hills Estates
4045 Palos Verdes Drive North
Rolling Hills Estates, CA 90274 (310) 377-1577

Legislative or State Agency Administrative Actions "Actively" Lobbied During the Period. (See instructions on reverse.)
SB 160
AB 12

Fees and Retainers	Reimbursements of Expenses	Advances or Other Payments (attach explanation)	Total This Period	Cumulative Total to Date
$ 2,500	$ 175*	$ - 0 -	$ 2,675	$ 4,675

Employer's Name, Address and Telephone Number
California Electricity Distributors
55 Capitol Mall, Suite 900
Sacramento, CA 95814 (916) 441-5500

Legislative or State Agency Administrative Actions "Actively" Lobbied During the Period. (See instructions on reverse.)
PUC rulemaking re: establishment of electrical rates charged to commercial entities.

Fees and Retainers	Reimbursements of Expenses	Advances or Other Payments (attach explanation)	Total This Period	Cumulative Total to Date
$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ 3,500

Employer's Name, Address and Telephone Number
Alvarez, Greene, Ho & Douglass
1127 11th Street, Suite 1020
Sacramento, CA 95814
(916) 441-6010
On behalf of its client:
Four Mesas Municipal Water Dist.
5000 Indio Blvd.
Indio, CA 92203 (760) 861-1220

Legislative or State Agency Administrative Actions "Actively" Lobbied During the Period. (See instructions on reverse.)
Dept. of Water Resources Reg. #12931

Fees and Retainers	Reimbursements of Expenses	Advances or Other Payments (attach explanation)	Total This Period	Cumulative Total to Date
$ 900	$ - 0 -	$ - 0 -	$ 900	$ 2,700

☐ If more space is needed, check box and attach continuation sheets. SUBTOTAL $ 3,575

*For services performed during 1/1/05-3/31/05

Lobbying firms must identify clients that make payments for and direct their lobbying activity. For more information on corporate clients and their subsidiaries, see Chapter 3.

Fees and Retainers

If a lobbying firm provides services other than lobbying (e.g., legal or administrative services) to a client on whose behalf the firm is registered to lobby, only report payments received for lobbying-related activities.

It is not necessary to disclose payments for initiative-related or legislative-related services (e.g., bill monitoring) on issues for which the lobbying firm has not been authorized to directly communicate with legislative or agency officials. However, a lobbying firm must retroactively report payments received for initiative-related and legislative-related services if, within one year of receiving such payments, the firm is authorized to lobby on the same or substantially the same matter. The nature of the payment and the date the firm was authorized to lobby must be noted. Regulation 18624 (Reportable Lobbying Services) provides guidance on this reporting requirement.

Reimbursement of Expenses

If reimbursement is received for expenses incurred in a prior quarter, indicate in a footnote during which calendar quarter the expenses were incurred.

Payments Made in Connection With Lobbying Activities

Activity Expenses Arranged, Incurred, or Paid by the Lobbying Firm

Itemize activity expenses arranged, incurred, or made on behalf of the firm by individuals in the lobbying firm, other than a registered lobbyist. The total of these payments is reported in Part III, Section A. 2. If a lobbyist incurs or makes an activity expense, the lobbyist should itemize the expenses on his or her Form 615.

If a client later reimburses the lobbying firm, report the reimbursement in Part II. Do not itemize activity expenses paid or incurred by a salaried lobbyist that were merely reimbursed by or charged to an account paid by the firm.

Form 625
Part III, Section A

PART III - PAYMENTS MADE IN CONNECTION WITH LOBBYING ACTIVITIES

SECTION A: ACTIVITY EXPENSES (See instructions on reverse.)

1. ACTIVITY EXPENSES ARRANGED, INCURRED, OR PAID BY THE LOBBYING FIRM (OTHER THAN THOSE PAID OR INCURRED BY A LOBBYIST)

Date	Name and Address of Payee	Name and Official Position of Reportable Persons and Amount Benefiting Each		Description of Consideration	Total Amount of Activity
4/20	Capital Cafe 440 Capital Mall Sacramento, CA	Senator Guy Walsh	$ 8.50	Breakfast	$ 40.00

Payments Made to Other Lobbying Firms

If the lobbying firm subcontracts with another lobbying firm to lobby on behalf of a client, payments to the subcontracting firm are itemized in Part III, Section B.

Form 625
Part III, Section B

PART III - PAYMENTS MADE (Continued)

SECTION B: PAYMENTS MADE TO OTHER LOBBYING FIRMS

Name, Address and Telephone Number of Firm Contracted With	Name of Employer or Client for Whom Subcontractor was Retained to Lobby	Amount This Period	Cumulative Total to Date
Government Insiders 600 N Street, Suite 2401 Sacramento, CA (916) 929-8844	California Electricity Distributors	$ 500	$ 500

Questions and Answers

Q. *Is the responsible officer of the lobbying firm the only person who may sign the Report of Lobbying Firm, Form 625?*

A. Yes. The report must be verified and signed by the individual who is designated on the lobbying firm's registration statement.

Q. *Is a lobbying firm required to list lobbying clients that have not made payments to the firm during the calendar quarter covered by the report?*

A. Yes. The lobbying firm must list the name, address, and telephone number of each of its clients on whose behalf the lobbying firm is registered to lobby, whether or not the firm has received a payment from the client.

Q. *Must a lobbying firm report payments from clients contracting only for bill tracking services?*

A. No. Lobbying firms are only required to report payments from persons who pay the firm to engage in direct communication for the purpose of influencing legislative or administrative action.

Q. *When are fees and retainers reported?*

A. A lobbying firm must report receipt of a client's fee or retainer on the report covering the calendar quarter in which the payment was received. If the payment was for services provided in a prior calendar quarter, indicate on the report the quarter in which services were provided.

Q. *A lobbying firm purchased 10 tickets to a charitable (501(c)(3)) organization's fundraiser. The firm gave some of the tickets to legislative staff members. Do these tickets to reportable persons need to be disclosed as an activity expense?*

A. No. A ticket to a fundraising event of an organization established under IRS code 501(c)(3) has no value under FPPC regulation 18946.4, and is therefore not an activity expense.

Report of Lobbyist Employer and Report of Lobbying Coalition, Form 635

Form 635

NAME OF FILER:
City of Rolling Hills Estates

BUSINESS ADDRESS: (Number and Street)	(City)	(State)	(Zip Code)	TELEPHONE NUMBER:
4045 Palos Verdes Drive North	Rolling Hills Estates	CA	90274	(310) 377-1577

PART I - LEGISLATIVE OR STATE AGENCY ADMINISTRATIVE ACTIONS ACTIVELY LOBBIED DURING THE PERIOD
(See instructions on reverse.)

SB 160
AB 12
Dept. of Housing and Community Development Reg. #1057

If the organization or entity employs an in-house lobbyist, Form 615 must be filed by the lobbyist in addition to the Form 635. In addition, if the lobbyist employer is a member of a lobbying coalition or is a lobbying coalition, Form 630 or Form 635-C is also required to be filed. All governmental entities must also complete Form 640, which requires additional itemization of the agency's general expenses for lobbying. Forms 630, 635-C, and 640 are reviewed below.

Part III of Form 635. Payments Made in Connection With Lobbying Activities

In Section A of Part III payments to in-house lobbyists are disclosed. Such payments include:

- Salaries. Salary includes gross wages paid, plus any fringe benefits that are in lieu of wages, such as the granting of stock options or purchase of annuities. Salary does not include routine fringe benefits, such as the employer's contributions to a health plan, retirement plan, or payroll taxes;
- Reimbursements of expenses (including activity expenses);
- Advances for expenses or salary; and
- Any other payments made directly to the lobbyist(s).

Important Notes:

- Do not include payments made directly to a vendor for lobbying expenses of an in-house lobbyist (e.g., automobile lease agency, restaurant, credit card company, membership club). Such payments are reported under "Other Payments to Influence," Part III, Section D. 2.
- If an in-house lobbyist performs duties other than lobbying, only report the portion of his or her salary and expenses allocated to lobbying. (See Chapter 6 for instructions on how to allocate lobbying expenses.)

Part III Section B. Payments to Lobbying Firms (Including Individual Contract Lobbyists)

Payments to lobbying firms are reported in Section B of Part III. If a lobbying firm provides services other than lobbying, only report payments for lobbying-related activities. List each lobbying firm authorized to lobby on behalf of the lobbyist employer/ coalition, even if no payments to the firm have been made during the period covered by this report.

Form 635
Part III, Sections A and B

PART III - PAYMENTS MADE IN CONNECTION WITH LOBBYING ACTIVITIES

A. *PAYMENTS TO IN-HOUSE EMPLOYEE LOBBYISTS* (See instructions on reverse. Also enter the Amount This Period (Column 1) on Line A of the Summary of Payments section on page 1.)	(1) Amount This Period	(2) Cumulative Total To Date
	$ 4,500	$ 9,000

B. *PAYMENTS TO LOBBYING FIRMS* (Including Individual Contract Lobbyists)

Name and Address of Lobbying Firm/Independent Contractor	(1) Fees & Retainers	(2) Reimbursements of Expenses	(3) Advances or Other Payments (attach explanation)	(4) Total This Period	(5) Cumulative Total to Date
Governmental Relations Management 921 J Street, Suite 780 Sacramento, CA 95814	1,000	150	- 0 -	1,150	1,250

Part III Section C. Activity Expenses

Lobbyist employers must report activity expenses they make, as well as activity expenses paid by their sponsored campaign committees in Section C of Part III.

Example *The PAC for California Dairy Association, a lobbyist employer, pays for a dinner for a legislative official and his spouse. The PAC reports the payment as an expenditure and the Dairy Association reports the payment as an activity expense on its Form 635.*

Do not list activity expenses paid or incurred by a salaried lobbyist that were merely reimbursed by or charged to an account paid by the lobbyist employer/lobbying coalition. Such activity expenses are itemized on the lobbyist's Form 615 and reported as an overhead expense on the Form 635.

Example *At a lunch meeting with a Social Services Department official, in-house lobbyist Ron McPherson charged sandwiches and beverages on his employer's credit card. Ron must itemize the activity expense on his Form 615. His employer must include the payment in Part III Section D "Other Payments" on the Form 635.*

The lobbyist employer's disclosure of reimbursements for expenses incurred by an in-house lobbyist depends on how the expenses were paid:

- If payment is made directly to the lobbyist, the amount is reported on the Form 635 in Part III, Section A.
- If the lobbyist charges an expense to an account for which a direct payment is made by the employer to the credit card company or vendor, the amount is reported on the Form 635 in Part III, Section D.

Lobbyist employers must itemize costs associated with events that are activity expenses (e.g., a legislative reception). If a lobbyist employer shares the costs of a reception or similar event, list the lobbyist employer's payment in the total amount of activity column. Indicate in a note the total cost of the activity and that the cost was shared by others. (See Chapter 4 for more information on activity expenses.)

Form 635
Part III, Section C

C. *ACTIVITY EXPENSES* (See instructions on reverse.)

Date	Name and Address of Payee	Name and Official Position of Reportable Persons and Amount Benefiting Each		Description of Consideration	Total Amount of Activity
4/20	Sheraton Hotel 1328 J Street Sacramento, CA 95814	Senator Chris Deguzman Legislative Staffer Carolyn Aalstad	$ 7.00 7.00	Cocktails	$ 34.00
6/28	Torrance Hilton 18495 Hawthorne Blvd. Torrance, CA 90205	Sen. Dan McCollough Sen. Kate Sprang Assem. Curt Imai Assem. Seth Jones	35.00 35.00 35.00 35.00	Reception	500.00*
	*Total Cost: $1,000, of which the city paid 50%. For gift limit purposes, each reportable person received a gift of $17.50 from the city.				

Part III Section D. Other Payments to Influence Legislative or Administrative Action

Filers that are governmental agencies do not complete this section, but must use Form 640 instead. (See page 5-11.) In this section, all other filers report:

- Payments made to a lobbying coalition.
- Compensation paid to non-lobbyist employees who spend 10 percent or more of their compensated time in any one calendar month in connection with lobbying activities. This would include time spent by non-lobbyist employees engaging in or urging others to engage in direct communication, and providing research services and preparing materials to be used in direct communication or in connection with soliciting or urging others to engage in direct communication.

  Compensation includes gross wages paid plus any benefits which are in lieu of wages (e.g., granting of stock options or the purchase of annuities). It does not include routine fringe benefits, such as the employer's contributions to a health plan, retirement plan, or payroll taxes.

  Exception: Compensation paid to an employee whose duties are solely clerical, manual, or are limited to the compilation of data or statistics is not required to be reported.

  Examples *Pattie Pinkerton, a non-lobbyist employee of a lobbyist employer, spent 75% of her time performing secretarial duties for the lobbyist that included tracking the status of legislation and administrative regulations. She did not provide analytical support to the lobbyist. Pattie's salary is not reportable.*

  During the first quarter of 2005, Marvin Javin, a non-lobbyist employee of a lobbyist employer, spent 30% of his time preparing testimony for the lobbyist to present and 20% of his time providing clerical services involving the employer's legislative program. Fifty percent of Marvin's salary must be reported in the "Other Payments" section.

- The payment of expenses incurred by a lobbyist but not paid directly to the lobbyist (e.g., a direct payment to a credit card company).
- The payment of expenses incurred for goods or services used by a lobbyist or used to support or assist a lobbyist in connection with his or her activities as a lobbyist, such as legislative bill service, periodicals, automobile lease.

  Exception: It is not necessary to report the costs of research (e.g., books, surveys, studies, reports) that was undertaken for solely non-lobbying purposes even if the research is later used in lobbying-related communications.

- The payment of any other expenses that would not have been incurred but for the filer's activities to influence or attempt to influence legislative or administrative action, including office overhead and operating expenses, payments to expert witnesses, and expenses incurred by employees other than a lobbyist.

Example *Tony Malone is the General Counsel and lobbyist for the Alliance for Public Schools. On one day, he incurred travel expenses to attend a meeting during which two hours were spent on legislative business and two hours on non-legislative business. These expenses were charged to his employer's credit card. For reporting purposes, the travel expenses (transportation, lodging and subsistence) may be allocated between the legislative and non-legislative activities.*

- Payments in connection with soliciting or urging persons other than employees to enter into direct communication with a reportable person for the primary purpose of influencing legislative or administrative action.

Example *The Alliance for Public Schools sends a special mailing asking readers to call their legislators and request a "yes" vote on Assembly Bill 1010. Also included in the mailing is non-legislative material. For reporting purposes, any reasonable allocation method made in good faith may be used to determine the amount reported under "Other Payments."*

Important Note:

A lobbyist employer must retroactively disclose in Section B payments made to a lobbying firm for initiative-related or legislative-related services (e.g. bill monitoring, drafting statutes) if, within one year of making such payments, the lobbyist employer authorizes the lobbying firm to lobby on the same or substantially the same matter. If the lobbyist employer had previously reported the payments as "Other Payments," the payments must be deducted from Section D and a note provided to indicate the amount of the deduction.

Part III Section E. Payments in Connection with Administrative Testimony in Ratemaking Proceedings Before the California Public Utilities Commission

Report payments made in connection with administrative testimony in PUC ratemaking or quasi-legislative proceedings in Section E, unless the payments are made to a lobbyist or lobbying firm.

PUC ratemaking and quasi-legislative proceedings are defined in Appendix 1 under "Administrative Action" and "Administrative Testimony."

Reporting payments made in connection with administrative testimony in PUC regulatory proceedings is limited to the following:

- Compensation paid to all attorneys (excluding lobbyists) for their time spent appearing as counsel and their time preparing the oral testimony.
- Compensation paid to all witnesses (excluding lobbyists) for their time spent testifying and their time preparing to testify.
- Payments made for "grass-roots" lobbying of the PUC, such as soliciting others to urge the PUC to act in a certain way.

No other in-house expenses or overhead in connection with administrative testimony before the PUC are reportable. However, payments in connection with direct communication outside the regulatory proceedings may be reportable.

Form 635
Part III, Section D and E

D. OTHER PAYMENTS TO INFLUENCE LEGISLATIVE OR ADMINISTRATIVE ACTION ☐ NOTE: State and local government agencies do not complete this section. Check box and complete Attachment Form 640 instead. 1. PAYMENTS TO LOBBYING COALITIONS (NOTE: You must attach a completed Form 630 to this Report.) 2. OTHER PAYMENTS	$ - 0 - $ 1,550 TOTAL SECTION D (1 + 2) Also enter the total of Section D on Line D of the Summary of Payments section on page 1.	$ 1,550
E. PAYMENTS IN CONNECTION WITH ADMINISTRATIVE TESTIMONY IN RATEMAKING PROCEEDINGS BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION Also, enter the total of Section E on Line E of the Summary of Payments section on page 1. (See instructions on reverse.)		$ 3,100

Questions and Answers

Q. *Who may sign the Report of Lobbyist Employer, Form 635?*

A. A responsible officer of the lobbyist employer/lobbying coalition or an attorney or certified public accountant who acts as an agent of the lobbyist employer/lobbying coalition may sign the Form 635.

Q. *Must a lobbyist employer/lobbying coalition itemize the activity expenses incurred or paid by its lobbyist?*

A. No. However, if a lobbyist arranges any payment incurred by a lobbyist employer/lobbying coalition that benefits a reportable person, both the employer and the lobbyist must itemize the expense.

Example *In-house lobbyist Sally Jones personally invites a legislator to attend a breakfast meeting with her supervisor. Sally will not be attending the meeting. For disclosure purposes, because Sally arranged for the event, she must disclose the activity expense on her Form 615. In addition, the activity expense must be itemized on her employer's Form 635. Because Sally arranged the meeting, the gift (e.g., food and beverage) may not exceed $10.*

Q. *How does a lobbyist employer/lobbying coalition retroactively report payments made to a lobbying firm for legislative-related or initiative-related services when the payments are made 12 months before the lobbying firm is authorized to lobby on behalf of the lobbyist employer/lobbying coalition?*

A. On the first report covering the period the lobbying firm is authorized to lobby, the lobbyist employer must note in Part III, Section B the date the lobbying firm was authorized to lobby and identify the nature of the previous payments (e.g., legislative-related or initiative-related services). If applicable, a note must indicate that the amount has been deducted from Section D, "Other Payments."

Q. *If a lobbyist employer hires a lobbying firm and that lobbying firm subcontracts with another lobbying firm, does the lobbyist employer report the second lobbying firm on the Form 635?*

A. No.

Q. *If a lobbyist employer/lobbying coalition terminates all lobbying activity in the middle of a quarter, does the period covered on the statement continue through the end of the quarter?*

A. No. The period covered on that statement ends on the date the lobbyist employer/lobbying coalition terminates all lobbying activity (e.g., lobbyist employer terminates on 2/15/05. The period covered would be 1/1/05 through 2/15/05.)

Governmental Agencies Reporting of "Other Payments to Influence Legislative or Administration Action," Form 640

State and local government agencies that qualify as lobbyist employers/lobbying coalitions or $5,000 filers are subject to additional disclosure requirements and are required to include Form 640 with their quarterly lobbying reports (Form 635 or 645). Form 640 replaces Part III, Section D of Form 635 or Part II, Section B of Form 645.

State and local agencies are required to itemize payments of $250 or more made during a calendar quarter for the following:

- Goods or services, other than normal overhead, used by a lobbyist or used to support or assist a lobbyist in connection with his or her activities.
- Dues or similar payments to any organization, including a federation, trade, labor, or membership organization that is a lobbyist employer and makes expenditures equal to 10 percent of its total expenditures, or $15,000 or more during any calendar quarter to lobby the State Legislature or state administrative agencies. When reporting dues or similar payments, report the entire amount of the dues payments made during the calendar quarter covered by the report. It is not necessary to determine what portion of the agency's dues payments were used by the organization for lobbying.

QuickTIP Dues or similar payments made to organizations need not be counted for purposes of determining if the agency qualifies as a lobbyist employer/lobbying or a $5,000 filer unless the organization assesses dues or other payments specifically for lobbying activities.

- Any other expenses, other than normal overhead, which would not have been incurred but for the agency's lobbying activities.

  "Overhead" means payments for goods or services that one would normally think of as necessary to maintain an office, such as rent, utilities, janitorial services, etc.

Form 640 should not include payments to salaried lobbyists, lobbying firms, activity expenses incurred by the governmental agency, or payments made in connection with PUC lobbying activity.

Form 640

For Use By: A state or local government agency that qualifies as a lobbyist employer or a $5,000 filer. Refer to the instructions on the cover page before completing this attachment.

Other Payments to Influence Legislative or Administrative Action:

1. Total payments for overhead expenses related to lobbying activity. Report as a lump sum.	$ 500
2. Total payments to Lobbying Coalitions. Report as a lump sum. (Form 630 must be attached)	$ 0
3. Total payments of less than $250 during the calendar quarter for lobbying activity (excluding overhead). Report as a lump sum.	$ 800
4. Total payments of more than $250 during the calendar quarter for lobbying activity (excluding overhead). Such payments must be itemized below.	$ 250
5. Grand total of "Other Payments to Influence Legislative or Administrative Action." Also enter this total on the appropriate line of the Summary of Payments section on Page 1 of Form 635 or Form 645.	$ 1,550

Itemize below payments of $250 or more made during the quarter for lobbying activity. Provide the name and address of the payee, the amount paid during the quarter, and the cumulative amount paid to the payee since January 1 of the biennial legislative session covered by the report.

Also itemize dues or similar payments of $250 or more made to an organization that makes expenditures equal to 10% of its total expenditures or $15,000 or more in a calendar quarter to influence legislative or administrative action. Provide the organization's name and address, the amount paid to the organization during the quarter, and the cumulative amount paid to the organization since January 1 of the biennial legislative session covered by the report.

Name & Address of Payee	Amount This Quarter	Cumulative Amount Since January 1
League of California Cities 1400 K Street Sacramento, CA 95814	$ 250	$ 500
	$	$
Subtotal of all payments itemized above	$ 250	

☐ If more space is needed, check box and attach continuation sheets.

Questions and Answers

Q. *Is a governmental agency required to include a Form 640 with its quarterly report if it does not make payments that have to be reported as "Other Payments to Influence" (Part III, Section D of Form 635 or Part II, Section B of Form 645)?*

A. No. The Form 640 is not required as long as the agency clearly indicates on Form 635 or 645 (including the Summary of Payments Section on page 1) that no "other payments" were made during the quarter.

Q. *Is a governmental agency required to itemize three separate payments totaling $250 or more for travel arrangements (e.g., $100 to a hotel, $125 to a travel agency and $25) for an employee to attend a legislative hearing on its Form 640?*

A. No, because a single payment of $250 was not made. However, if the employee paid for the expenses and the agency reimbursed the employee with a check for $250 or more, the agency must itemize the payment on its Form 640.

Q. *Is an association that is a lobbyist employer required to file Form 640 if its membership is comprised of governmental agencies?*

A. No. Only governmental agencies that are lobbyist employers or $5,000 filers are required to file the Form 640.

Q. *Is a governmental agency required to report on its Form 640 the dues payments it makes on behalf of its employees who are members of associations that lobby (e.g., membership to the State Bar)?*

A. No. Dues paid by a governmental agency for an employee's membership in an organization, whether or not the organization lobbies, are not reportable. Such payments are considered part of the employee's routine fringe benefits.

Q. *Is a county required to file Form 640 if it makes dues payments to the California State Association of Counties (CSAC) but does not employ a lobbyist and does not make payments to a lobbying firm?*

A. No. The county must first qualify as a lobbyist employer or a $5,000 filer before it is required to itemize its dues payments on a Form 640.

Q. *Is a governmental agency required to report a non-lobbyist employee's salary on its Form 640?*

A. Only if the employee spends 10% or more of his or her compensated time in a calendar month on lobbying activity. This portion of the salary is considered overhead for purposes of disclosure on Form 640 and must be reported in "Other Payments" as a lump sum amount.

Compensation paid to an employee whose duties are solely clerical, manual, or are limited solely to the compilation of data or statistics is not required to be reported.

Lobbying Coalition-Related Attachments

Payments Received By Lobbying Coalitions, Form 635-C

A lobbying coalition must include a Form 635-C with its quarterly Form 635 to disclose payments received from members of the lobbying coalition. Each member of the coalition must be identified on each quarterly report even if the member has not made a payment during the quarter. If a member has not made a payment during a quarter, enter zero and the cumulative amount received since January 1 of the biennial legislative session.

Form 635-C

Name of Lobbying Coalition:
California Amateur Golfer's Association

Name and Business Address of Coalition Members	Amount Received This Period	Cumulative Amount Received Since January 1 of Biennial Legislative Session
Lake County California Amateur Golfer's Association 200 10th Street Clearlake, CA 95422	$ 250	$ 500

Payments Made to Lobbying Coalitions, Form 630

Lobbyist employers that are members of a lobbying coalition must include Form 630 with their quarterly Form 635s to disclose payments made to the coalition. Reports must be filed for each calendar quarter even if no payment was made.

Form 630

Name of Lobbying Firm or Lobbyist Employer Making Payments:
Lake County California Amateur Golfer's Association

Name and Business Address of Lobbying Coalition Receiving Payments	Amount Paid This Period	Cumulative Amount Paid Since January 1 of Biennial Legislative Session
California Amateur Golfer's Association 1106 East Branch Street Pismo Beach, CA 93420	$ 250	$ 500

Report of Person Spending $5,000 or More to Influence Legislative or Administrative Action, Form 645

A person who does not employ a lobbyist or contract with a lobbying firm but makes payments totaling $5,000 or more in a calendar quarter to influence legislative or administrative action must report activity for that calendar quarter on Form 645. Form 645 is not required to be filed for any quarter in which the person does not spend $5,000. If a person's only expenses are activity expenses, they are not counted to determine the $5,000 threshold.

Example *The Alliance of Healthcare Providers paid $7,500 for newspaper advertisements urging voters to call their legislator for a 'yes' vote on AB 557. The Alliance is not a lobbyist employer. The Alliance must file a Form 645 and report $7,500 under "Other Payments to Influence Legislative or Administrative Action."*

Form 645

NAME OF FILER:
Alliance of Healthcare Providers

BUSINESS ADDRESS: (Number and Street)	(City)	(State)	(Zip Code)	TELEPHONE NUMBER:
1400 Wilshire Blvd., #3200	Los Angeles	CA	91007	(213) 621-4400

PART I - LEGISLATIVE OR STATE AGENCY ADMINISTRATIVE ACTIONS ACTIVELY LOBBIED DURING THE PERIOD
(See instructions on reverse.)

AB 557

☐ If more space is needed, check box and attach continuation sheets.

SUMMARY OF PAYMENTS THIS PERIOD

A. Total Activity Expenses (Part II, Section A)	$ 0
B. Total Other Payments to Influence (Part II, Section B)	$ 7,500
Total (A + B above)	$ 7,500
C. Total Payments in Connection with PUC Activities (Part II, Section C)	$ 0

CAMPAIGN CONTRIBUTIONS: ☒ Part III completed and attached ☐ No campaign contributions made this period

Amendment to Lobbying Disclosure Report, Form 690

Form 690 is used to amend information reported on Forms 615, 625, 630, 635, 635-C, 640, and 645. A separate Form 690 should be used for each report being amended. If further clarification is needed, include the appropriate revised pages of the form being amended to show changed information. Electronic filers must file a complete report when filing an amendment.

Form 690

(The information required must correspond to the information provided on the original report filed.)

1. The following information amends the lobbying disclosure report Form No. 625 executed on 7/15/03 (Mo. - Day - Year) for the period 4/1/03 to 6/30/03.

2. Amended information affects items on Part(s) II Section(s) ______.

3. Describe changes below.
For the city of Rolling Hills Estates, SB 480 was actively lobbied during the reporting period.

There is no deadline for filing a Form 690. However, all amendments should be filed as soon as practical.

The lobbyist must sign the verification if the amendment is in connection with a Form 615. Only the designated responsible officer of a lobbying firm can sign the verification when the amendment is in connection with a Form 625. In the case of an amendment filed by a lobbyist employer/lobbying coalition or $5,000 filer, a responsible officer or an attorney or a certified public accountant who acts as an agent for the entity or organization may sign the verification.

Question and Answer

Q. *To amend a quarterly report that was filed both electronically and on paper, must a paper amendment be filed now that paper copies of electronically filed reports are no longer required?*

A. No. Only an electronic amendment is required for Forms 615, 625, 635, 645 and attachment forms.

Statutory and Regulatory References

Statutes

84309	*Transmittal of Campaign Contributions in State Office Buildings*
85702	*Contributions from Lobbyists*
86110	*Recordkeeping*
86111	*Activity Expense; Agency Official*
86112	*Activity Expenses; Reporting*
86113	*Periodic Reports; Lobbyists; Contents*
86114	*Periodic Reports; Lobbying*
86115	*Periodic Reports; Employers and Others*
86116	*Periodic Reports; Employers and Others; Contents*
86116.5	*Periodic Reports; State and Local Government Agencies*
86117	*Periodic Reports; Filing; Time*
86118	*Periodic Reports; Where to File*

Regulations

18572	*Lobbyist Contributions--Making a Contribution Defined.*
18610	*Lobbyist Accounting*
18611	*Lobbyist Reporting*
18612	*Accounting by Lobbying Firms*
18613	*Reporting by Lobbying Firms*
18614	*Payments for Lobbying Services*
18615	*Accounting by Lobbyist Employers and Persons Spending $5,000 or More to Influence Legislative or Administrative Action*
18616	*Reports by Lobbyist Employers and Persons Spending $5,000 or More to Influence Legislative or Administrative Action*
18616.4	*Reports by Lobbying Coalitions Which Are Lobbyist Employers; Reports by Members of Lobbying Coalitions*
18617	*Early Filing of Periodic Reports*

Chapter 6
Recordkeeping

A recordkeeping system should ensure the accuracy and reliability of all information in connection with lobbying activities. Records must be maintained in accordance with accepted accounting principles.

The following recordkeeping guidelines conform with FPPC regulations. The guidelines address the most common transactions and will assist in keeping adequate records of payments received and payments made for lobbying activities. An electronic or paper recordkeeping system may be used.

In the event of an audit, the cash disbursements records, cash receipt records, and supporting documentation must be provided so the auditor can verify the accuracy of the reported expenses and receipts.

Lobbyists, lobbying firms, and lobbyist employers/lobbying coalitions are required to keep financial records and substantiating documents for a period of five years from the date of the filer's final report for that calendar year.

Example *On January 1, 2006, a filer may discard records and substantiating documents maintained prior to January 1, 2001. Records must be kept for calendar years 2001-2005.*

Allocating Payments

When payments are made or received for both lobbying and non-lobbying activities, only payments in connection with attempting to influence the California State Legislature or state administrative agencies should be disclosed.

Example *A lobbying firm received $50,000 from a client to:*

-- *Engage in direct communication with the State Legislature on a pending law enforcement bill, $15,000;*

-- *Lobby the U.S. Congress on a similar bill, $10,000; and*

-- *Provide legal representation in a court case, $25,000.*

The lobbying firm reports $15,000 on its Form 625.

In some circumstances, it will be necessary to apportion payments based on the percentage of activity related to lobbying. If an allocation method is used, a written statement should be prepared detailing the percentages that are applicable for the reporting periods and the method for determining those percentages. The allocation formula should be reviewed on a regular basis.

The example on the next page shows a format for in-house memoranda.

QuickTIP FPPC Regulation 18614 clarifies when payments to a lobbying firm are reportable as payments for "lobbying services." The regulation addresses legislative-related services, initiative-related services, and litigation services. (See Appendix 1.)

Industrial Buildings, Inc.

January 15, 2005

Memorandum

To: File
From: Accounting Office
Subject: Lobbying Activity

Based on a review of our lobbyist's 2004 timesheets, we have determined that during the first three quarters of 2004, 75 percent of her time was spent on lobbying activities. During the fourth quarter, the rate was 10 percent. Since our activities are fairly consistent from year to year, we have decided to apply the 2004 allocations to 2005. We will review our activities each quarter to ensure that no significant changes have occurred. Therefore, for purposes of reporting salary to our lobbyist and other expenses to support the lobbyist, we will allocate as follows:

1st, 2nd, and 3rd Quarters	75%
4th Quarter	10%

Compensation paid to other employees who spend 10 percent or more of their compensated time on lobbying activities varies and will, therefore, be calculated each quarter.

With respect to overhead and operating expenses, a review of our records for 2004 indicates that during the first, second, and third quarters, 15 percent of our overhead and operating expenses were directly attributable to lobbying activities. During the fourth quarter, the rate was less than one percent. Unless significant changes occur, 2005 operating and overhead expenses will be allocated as follows:

1st, 2nd, and 3rd Quarters	15%
4th Quarter	- 0 -

Activity Expenses

A cash disbursements journal or other form of record must be maintained that shows all activity expenses incurred, paid, or reimbursed.

Substantiating documentation, including restaurant or credit card receipts, invoices, or canceled checks, must also be maintained for each activity expense.

The substantiating documentation must contain the following information:

- The full name of the payee;
- A description of the goods or services for which the payment was made;
- The date and amount of the payment;
- A breakdown of the total amount showing the amount of benefit received by each person;
- The full name, official position, and, if applicable, the state agency of the reportable person(s) who benefited from the activity expense. The names of nonreportable individuals do not have to be listed; and
- The total number of beneficiaries.

Example *Six individuals, including two legislators, attended a dinner party hosted by a lobbyist employer. The two legislators' names and position titles, and the total number of individuals in attendance, must be documented.*

If it is not possible to get a receipt or invoice to support an expenditure, a written voucher must be prepared to support the expenditure. The voucher must be prepared in a timely manner (the same day of the expenditure) and must contain the information listed above. In most cases, the names and the number of beneficiaries must be added to the receipt or invoice, or attached on a separate document, since this information is not normally listed.

Campaign Contributions

Records of all monetary (including loans) and nonmonetary contributions of $25 or more made to a state candidate, an elected state officer, a committee controlled by an elected state officer or state candidate, or a committee primarily formed to support such an officeholder or candidate must be maintained.

The cash disbursements records must contain the following information:

- The full name of the payee and the full name of the recipient of the contribution if other than the payee;
- The date of the contribution;

- The amount of the contribution;
- In the case of a nonmonetary contribution, a description of the goods or services or other consideration provided; and
- In the case of a contribution personally delivered by a lobbyist on behalf of another person, the name of the contributor.

Substantiating documentation must also be maintained, including canceled checks and other bank records supporting the monetary contributions. Such documentation may also include correspondence and fundraising invitations.

Important Notes:

- Lobbyists are prohibited from making contributions to certain state candidates, officeholders, committees controlled by them, or committees primarily formed to support or oppose certain state candidates or officeholders. (See Chapter 7 for more information.)
- For information regarding the "delivery" of campaign contributions, see Chapter 7.
- Lobbying firms and lobbyist employers/ lobbying coalitions that are required to maintain records as campaign committees are not required to keep separate records for lobbying disclosure. The records required for campaign disclosure statements meet the lobbying recordkeeping requirements for the campaign contributions reported on a lobbying disclosure report. This documentation may be requested in an audit.

Example *A lobbyist employer sponsors a general purpose committee ("PAC") and regularly files campaign statements (Form 460). As long as the PAC maintains the required supporting documentation, separate documentation is not required in the lobbying records.*

Payments Received and Made by Lobbying Firms

A cash receipts journal or other form of record must be maintained showing all payments received for lobbying services (e.g., fees, retainers, reimbursements). The records must contain the following information:

- The date each payment was received by the lobbying firm;
- The full name of each person who makes payments to the lobbying firm;
- The amount of each payment;
- The calendar quarter during which the services paid for were rendered.

If a lobbying firm subcontracts with another lobbying firm, including an independent contract lobbyist, for lobbying services, the cash disbursements records must contain the payments made to the subcontractor, including:

- The full name of the client/lobbyist employer;
- The full name of the subcontractor;
- The date of each payment; and
- The amount of each payment.

Substantiating documentation must be maintained, including copies of contracts or correspondence, canceled checks, bank statements, and invoices.

Payments Made by Lobbyist Employers/Lobbying Coalitions

All payments made to an in-house employee lobbyist, such as salaries, fees, reimbursements of expenses, advances, or other payments, must be recorded in the disbursements records. Salary includes gross wages paid, plus any fringe benefits that are in lieu of wages but does not include routine fringe benefits such as the employer's contributions to a health plan or retirement plan or payroll taxes. The disbursements records must include:

- The full name of the lobbyist;
- The date of the payment; and
- The amount of the payment.

For each payment made to a lobbying firm (including an independent contract lobbyist) for lobbying services, the disbursements records must show:

- The full name of the lobbying firm that received the payment;
- The date of the payment;
- The amount of the payment; and
- The calendar quarter during which the services paid for were rendered.

Substantiating documentation must be maintained, including canceled checks, receipts or invoices, and bank statements.

Other Payments to Influence Legislative or Administrative Action

"Other payments" by lobbyist employers/ lobbying coalitions include:

- Compensation paid to non-lobbyist employees who spend 10 percent or more of their compensated time in any one calendar month in connection with lobbying activities.

  Compensation includes gross wages paid plus any benefits that are in lieu of wages such as the granting of stock options or the purchase of annuities. It does not include routine fringe benefits, such as the employer's contributions to a health plan, retirement plan, or payroll taxes.

  Exception: This does not include employees or contractors who provide solely secretarial, clerical, or manual services or only compile data.
- The payment of expenses incurred by an in-house lobbyist, but not paid to the lobbyist (e.g., credit card charges billed directly to the employer or car lease);
- The payment of expenses incurred for goods or services used by a lobbyist or used to support or assist a lobbyist in connection with his or her activities as a lobbyist;
- The payment of any other expenses that would not have been incurred but for the filer's activities to influence or attempt to influence legislative or administrative action, including office overhead, operating expenses, and payments to expert witnesses; and
- Payments made by a lobbyist employer to a lobbying coalition.

  For each "other payment," the disbursements records must include:

  - The full name of the payee;
  - The date of the payment;
  - The amount of the payment; and
  - A description of the goods or services or other consideration for which the payment was made.

  Following is a list of some of the types of payments that are required to be disclosed under "Other Payments to Influence":

  - Bill service;
  - Bill monitoring services;
  - Payments made directly to a vendor for the lobbyist's air travel, meals, and automobile expenses;
  - Conference fees for a lobbyist;
  - Payments to a public relations firm for advice, goods, or services in connection with influencing legislative or administrative action;

- Payments to a law firm for drafting or analyzing legislation when the firm does not engage in direct communication on behalf of the lobbyist employer/lobbying coalition; and
- Payments for informational brochures, videos, pamphlets, and similar materials specifically designed for lobbying purposes.

Exception: Payments for research that is undertaken for non-lobbying purposes are not required to be reported even if the results are subsequently used in lobbying-related videos, pamphlets, etc.

Payments in Connection with Administrative Testimony in Proceedings Before the California Public Utilities Commission

Filers reporting expenses incurred in connection with proceedings before the California Public Utilities Commission must maintain records of compensation paid to attorneys for their time spent appearing or preparing to appear as counsel in those proceedings, and compensation paid to witnesses for their time spent testifying or preparing to testify at those proceedings.

For each payment, the disbursements records must include:

- The full name of the payee;
- The date and amount of the payment; and
- A description of the payment.

Sample Recordkeeping Journal

The following is an example of a recordkeeping journal that may be used as a guideline. Any system of recordkeeping is permissible if it is in accordance with accepted accounting principles. In the event of an audit, journals and all substantiating documentation must be provided so that the auditor can verify the accuracy of the information disclosed.

Check No.	***Cash***	***Date***	***Name and Address of Payee***	***Description***	***Total Amount***	***Percent Lobbying***	***Amount***
Other Payments:							
150		2005 1/24	Mid-Town Rentals 200 C Street Sacramento, CA	Office Space	6,000.00	50%	3,000.00
180		2/8	E-Z Travel 100 Broadway Sacramento, CA	Lobbyist Travel to S.F.	186.00	100%	186.00
Activity Expenses:							
	X	1/19	Sam's Club 900 Capitol Avenue Sacramento, CA	Lunch Sen. Smith $9.98 Dan D. Lyon $14.32	24.30	100%	24.30
210		3/23	Bank of Charlie Brown Visa Café Condor 9 Front Street Sacramento	Lunch Trevor Green Consultant to Assemblywoman Amelia Tiburon $9.56 Sharon Silva $12.96	22.52	100%	22.52
Campaign Contributions:							
340		3/6	Sally Grindley for Senate 103 Malton Blvd. Shasta, CA	Campaign Contribution ID #952468	250.00	N/A	250.00
345		3/10	Snappy Buttons 703 Broadway Sacramento, CA Committee to Elect Zelda Corey	Campaign Contribution Non-monetary ID #958899 Election Buttons	632.00	N/A	632.00
Payments to Lobbyists:							
348		3/1	Dan D. Lyon 3600 Sandpiper Drive Sacramento, CA	Salary Reimburse. of Expenses	5,000.00 800.00	50% 100%	2,500.00 800.00
Payments Received:							
1369		3/5		SR Services, Inc. December Retainer Reimbursement of Expenses	9,000.00 600.00	100% 100%	9,000.00 600.00

Audits

Lobbying firms and lobbyist employers/ lobbying coalitions that employ one or more lobbyists will be subject to audit on a random basis every two years and will have a 25 percent chance of being audited. When a lobbying firm or lobbyist employer/lobbying coalition is selected for audit, all of the individual lobbyists employed by the firm or employer will also be audited. Audits are conducted by the Franchise Tax Board.

Statutory and Regulatory References

Statutes

82002 *Administrative Action*
82032 *Influencing Legislative or Administrative Action*
82037 *Legislative Action*
82045 *Payment to Influence Legislative or Administrative Action*
86110 *Recordkeeping*

Regulations

18610 *Lobbyist Accounting*
18611 *Lobbyist Reporting*
18612 *Accounting by Lobbying Firms*
18613 *Reporting by Lobbying Firms*
18614 *Payments of Lobbying Services*
18615 *Accounting by Lobbyist Employers and Persons Spending $5,000 or More to Influence Legislative or Administrative Action*
18616 *Reports by Lobbyist Employers and Persons Spending $5,000 or more to Influence Legislative or Administrative Action*

Chapter 7 Restrictions

This chapter provides an overview of important restrictions regarding campaign contributions, gifts, honoraria, lobbying conduct, disqualification of public officials, and post-governmental employment restrictions for former state officials. Only these provisions are discussed. Refer to the referenced statutes and regulations for specific information.

Campaign Contributions

Restrictions on Lobbyists and Campaign Contributions

Lobbyists may not mail, deliver, or otherwise transmit a campaign contribution, including a nonmonetary contribution, from their own personal assets to the following: 1) an elected state official, 2) a candidate for elective state office, 3) a state or local committee controlled by the state official or candidate, or 4) a committee primarily formed to support or oppose such a candidate if the candidate is seeking an office with, or the official is an elected officeholder of, an agency the lobbyist is registered to lobby. This prohibition applies to any legal defense fund committees controlled by such a state official or candidate.

A business entity, including a lobbying firm, may not contribute to such a state elected official or candidate if it is owned, in whole or in part, by a lobbyist and the lobbyist participates in the decision to make the contribution. Otherwise, lobbying firms are not prohibited from making campaign contributions.

A campaign committee is prohibited from making a contribution to such a state elected official or candidate if the contribution is comprised of the personal assets of a lobbyist, in whole or in part, and the lobbyist participates in the decision to make the contribution.

A lobbyist is not prohibited from advising his or her clients or employer regarding the making of a contribution.

Examples *Bert Rogers is registered to lobby the Legislature and the Attorney General's office. He is prohibited from making a contribution to any State Assembly member or Senator, any legislative candidate, the Attorney General, any candidate for Attorney General, any of their controlled committees, or any committee primarily formed to support or oppose such candidates. This prohibition would apply to any ballot measure, local candidate, or legal defense fund committees the state candidates or officials may control. However, Bert may contribute to any other state official, such as the Secretary of State or Controller, or candidates for these offices. Bert must report contributions he makes on his Form 615.*

Melissa Tamonang is a lobbyist registered to lobby the Legislature. While Melissa is prohibited from making a contribution to any State Assembly member or Senator, any legislative candidate, any of their controlled committees, or any committee primarily formed to support or oppose such candidates, Melissa's spouse may make a contribution. If the spouse uses their joint checking account, he must sign the check.

Dana Bethel is a lobbyist for the California Furniture Manufacturers' Coalition and is registered to lobby the State Legislature, the Governor, and all state agencies.

- *Dana contributes to and sits on the board of a general purpose recipient committee for a state environmental group. Dana may not participate when the board decides which state candidates to support with a contribution.*

- *Dana makes a personal contribution to another general purpose recipient committee formed to support candidates that endorses the committee's views on taxation. Dana does not participate in deciding which state candidates receive contributions from this committee. Dana's contribution does not preclude the committee from making contributions to state officials.*

Sandra Monahan is a lobbyist who lobbies only the PUC. She is asked by a candidate for State Controller to make a contribution to his campaign. Sandra may make the contribution since she is not registered to lobby the State Controller's office and must report the contribution on her next Form 615. Later that same month, Sandra is asked to attend a fundraiser for a PUC commissioner who is also seeking election to the State Assembly. Sandra declined because she is prohibited from making a contribution to this candidate.

A lobbyist is permitted to make contributions to federal candidate committees controlled by a state officeholder or candidate. A lobbyist may also make a personal contribution to political parties and state general purpose recipient committees, as long as the lobbyist does not participate in deciding whether contributions will be made by the parties or committees to support or oppose state candidates. A lobbyist may also contribute to a committee formed to support or oppose the recall of a state officeholder, as long as the committee is not controlled by a state officeholder or candidate whose office the lobbyist is registered to lobby. These contributions are not reported on the Form 615.

Contribution Limits

Candidates for state office are subject to contribution limits. Campaign committees, including political parties, which make contributions to state candidates, are also subject to contribution limits. These limits are reviewed for adjustment every odd-numbered year. For easy reference, the FPPC's website, *www.fppc.ca.gov*, posts the current limits in effect.

Delivery of Campaign Contributions

No person may deliver or accept a campaign contribution in the State Capitol, a state office building, or any building for which the State of California pays the majority of the rent. This includes delivery of a copy of a contribution check or a contribution transmittal letter. Contributions sent to the State Capitol or other building by mail, and contributions delivered to a legislator's district office, are not prohibited.

Gift Limit for Lobbyists and Lobbying Firms

No lobbyist or lobbying firm may:

- Make a gift(s) aggregating more than ten dollars ($10) in a calendar month, act as an agent or intermediary in the making of such a gift, or arrange such a gift to any of the following officials:
  - A state candidate;
  - An elected state officer;
  - A legislative official;
  - An agency official employed by an agency that is or should be listed on the lobbying registration statement.

  A lobbyist or lobbying firm "arranges for the making of a gift" if the lobbyist or lobbying firm, either directly or through an agent, does any of the following:

  - Delivers a gift to the recipient;
  - Acts as the representative of the donor, if the donor is not present at the occasion of a gift. This does not include accompanying the recipient to

an event where the donor will be present;

- Invites or sends an invitation to an intended recipient regarding the occasion of a gift;
- Solicits responses from an intended recipient concerning his or her attendance or non-attendance at the occasion of a gift; or
- Acts as an intermediary in connection with the reimbursement of a recipient's expenses.

Chapter 4 provides a detailed overview of the gift restrictions.

General Prohibitions for Lobbyists and Lobbying Firms

No lobbyist or lobbying firm may:

- Do anything for the purpose of placing any elected state officer, legislative official, agency official, or state candidate under personal obligation to the lobbyist, lobbying firm, or a lobbyist employer, including making secured or unsecured loans;
- Deceive or attempt to deceive any elected state officer, legislative official, agency official, or state candidate with regard to any material fact pertinent to any pending or proposed legislative or administrative action;
- Cause or influence the introduction of any bill or amendment thereto for the purpose of thereafter being employed to secure its passage or defeat;
- Attempt to create a fictitious appearance of public favor or disfavor of any proposed legislative or administrative action or cause any communication to be sent to any elected state officer, legislative official, agency official, or state candidate in the name of any fictitious person or in the name of any real person, except with the consent of such real person;
- Represent falsely either directly or indirectly that the lobbyist or lobbying firm can control the official action of any elected state officer, legislative official, or agency official; or
- Accept or agree to accept any payment in any way contingent upon the defeat, enactment, or outcome of any proposed legislative or administrative action.

General Prohibitions for Officials

The following restrictions apply to public officials and are only briefly reviewed to acquaint lobbying filers of other restrictions in the Political Reform Act.

Gift Limit

Legislative officials, most state and local officials and employees, and candidates for state and local office may not accept gifts from a single source aggregating more than $360 in a calendar year. The gift limit is adjusted each odd-numbered year to reflect changes in the Consumer Price Index, and was last adjusted January 1, 2005. Certain payments are not subject to the gift limit. For further information, refer to Chapter 4.

Honoraria Ban

Legislative officials, most state and local officials and employees, and candidates for state and local office may not accept honoraria payments. "Honorarium" means any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

However, honorarium does not include earned income for personal services that are customarily provided in connection with the practice of a bona fide business, trade, or profession, such as teaching, practicing law, medicine, insurance, real estate, banking, or building contracting, unless the sole or predominant activity of the business, trade, or profession is making speeches. A fact sheet titled "Limitations and other Restrictions on Gifts, Honoraria, Travel and Loans for State Officials" is a good reference document available on FPPC's website at *www.fppc.ca.gov*.

Disqualification

A state official may need to disqualify himself or herself from voting or otherwise participating in a governmental decision affecting a source of income (including a person that has provided a gift to the public official) if the payment was received or promised to the official within 12 months preceding the decision. Whether an official must disqualify himself or herself relies heavily on the facts of each governmental decision.

Post-Governmental Employment Restrictions – Revolving Door Provisions

The Act restricts the lobbying activities of certain state agency officials once the official has left government employment. Many officials are subject to both a one-year and a lifetime lobbying ban.

- One-year ban: State agency officials are prohibited for 12 months after leaving an agency from receiving compensation to appear before or communicate with the agency to influence certain agency decisions; and
- Lifetime ban: A state agency official may never receive compensation for the purpose of appearing before, or assisting another person in appearing before, a former agency in certain proceedings on which the official worked while employed by the agency.

State agency officials are also prohibited from participating in certain governmental decisions when they are negotiating employment or have an employment arrangement with a prospective employer.

Important Note:

Legislators are not subject to the lifetime ban, but are prohibited from lobbying the Legislature for one year. Employees of the Legislature are not subject to either the one-year or lifetime revolving door provisions.

Questions and Answers

Q. *May a lobbyist registered to lobby the Legislature make a contribution to a ballot measure committee controlled by an Assembly member or State Senator?*

A. No. A lobbyist may not make a contribution to state or local committee controlled by a candidate or officeholder if the lobbyist is registered to lobby the candidate or officeholder's agency.

Q. *May a lobbyist employer deliver a campaign contribution in a legislator's Capitol inner office?*

A. No. Even though there is no prohibition on lobbyist employers making a contribution to a state legislator's campaign, nowhere in the Capitol building may a contribution be delivered personally, unless it is also the legislator's district office.

Q. *May a lobbyist make a contribution to a legislator's committee for federal office even if the lobbyist would otherwise be prohibited from making a contribution to the legislator's state committee?*

A. Yes. There is no prohibition under the Act on lobbyists making contributions to a candidate's committee for federal office.

Q. *The partners of a lobbying firm are not lobbyists. May these partners make a contribution to a state candidate from funds of the lobbying firm?*

A. Yes. A lobbying firm may make a contribution to a state candidate, as long as a lobbyist does not participate in the decision to make a contribution.

Q. *I am registered to lobby the Secretary of State's office. May I attend the fundraiser of a candidate running for that office if I use my employer's funds to pay for attendance?*

A. Yes. The prohibition against a lobbyist making a contribution to state candidates does not preclude a lobbyist from delivering a contribution made by his or her lobbyist employer.

Q. *May a lobbying firm reimburse or make payments to its lobbyist for the purpose of entertaining officials at the lobbyist's home?*

A. Yes, as long as the fair market value of the food and beverage provided to each official does not exceed $10. However, a lobbyist may entertain officials in the lobbyist's home without regard to the $10 gift limit as long as no one reimburses the lobbyist; the cost for entertaining the officials is not claimed as a tax deduction by the lobbyist; and no portion of the lobbyist's salary is allocated for home entertainment. (See Chapter 4.)

Q. *Will a $300 gift of dinner and entertainment provided to an official by a lobbyist employer violate the $10 gift limit?*

A. The $10 gift limit does not apply to lobbyist employers as long as a lobbyist or lobbying firm is not involved in making or arranging the gift. However, most officials may not receive gifts that exceed $360 in a calendar year from a single source. (The gift limit is adjusted every odd-numbered year.)

Q. *When a lobbyist has lunch with a reportable person and the reportable person pays for his or her own lunch, must the lobbyist report the lunch as an activity expense?*

A. No. The reportable person has not received a gift because he or she paid for his or her own lunch.

Q. *What is the maximum amount a lobbyist employer/lobbying coalition or $5,000 filer may spend on an official during the calendar year?*

A. The gift limit is $360 per official in a calendar year. This amount is adjusted every odd-numbered year.

Q. *May a lobbyist receive "contingency" payments based on the outcome of legislative or administrative actions?*

A. No. Lobbyists are prohibited from accepting or agreeing to accept any payment that is in any way contingent upon the defeat, enactment, or outcome of any proposed legislative or administrative action.

Q. *May a lobbying firm receive a contingency fee for obtaining a state contract for a client?*

A. Yes. The definition of "lobbying" does not include bidding for a state contract. Therefore, the prohibition on lobbying contingency fees does not apply.

Statutory and Regulatory References

Statutes

84309	*Transmittal of Campaign Contributions in State Office Buildings*
85301	*Limits on Contributions from Persons*

85303	*Limits on Contributions to Committees and Political Parties*
85702	*Contributions from Lobbyists*
86201	*Gift*
86203	*Unlawful Gifts*
86205	*Acts Prohibited*
87100	*Public Officials; State and Local*
87102.5	*Legislature; Use of Position to Influence Decisions*
87401	*Restrictions on Activities of Former State Officers*
87402	*Restrictions on Activities of Former State Officers; Assisting Others*
87406	*Milton Marks Postgovernmental Employment Restrictions Act*
89501	*Honoraria*
89502	*Honorarium*
89503	*Gift Limits*

Regulations

18439	*Definition of "Personally Deliver"*
18545	*Contribution Limit and Voluntary Expenditure Ceiling Amounts*
18572	*Lobbyist Contributions -- Making a Contribution Defined*
18624	*Lobbyist Arranging Gifts*
18625	*Loans from Lobbyist or Lobbying Firm; Placing Official Under Personal Obligation*
18940.2	*Gift Limit Amount*

Appendix 1
Definitions

Note:

All statutory references are to the California Government Code. The Political Reform Act is found in Government Code sections 81000-91014. Commission regulations may be found in Title 2, sections 18109-18997 of the California Code of Regulations.

$5,000 Filer
(Section 86115)

Any person who does not employ a lobbyist or contract with a lobbying firm, but who directly or indirectly makes payments of $5,000 or more in any calendar quarter to influence legislative or administrative action.

Activity Expense
(Section 86111)

An expense that either wholly or partially benefits an elected state official, a legislative official, a state agency official, a state candidate, or a member of the immediate family of such an official or candidate. Activity expenses include gifts, honoraria, consulting fees, salaries, and any other form of compensation, but do not include campaign contributions.

Administrative Action
(Section 82002; Regulation 18202)

The proposal, drafting, development, consideration, amendment, enactment, or defeat by any state agency of any rule, regulation, or other action in any rate-making proceeding or any quasi-legislative proceeding.

"Rate-making proceeding" means, for the purposes of a proceeding before the Public Utilities Commission, any proceeding in which it is reasonably foreseeable that a rate will be established, including, but not limited to, general rate cases, performance-based ratemaking, and other ratesetting mechanisms.

"Quasi-legislative proceeding" means, for purposes of a proceeding before the Public Utilities Commission, any proceeding that involves consideration of the establishment of a policy that will apply generally to a group or class of persons including, but not limited to, rulemakings and investigations that may establish rules affecting an entire industry.

Exception: A proceeding of a state agency is not a quasi-legislative proceeding if it is any of the following:

- A proceeding to determine the rights or duties of a person under existing laws, regulations, or policies;
- A proceeding involving the issuance, amendment, or revocation of a permit or license;
- A proceeding to enforce compliance with existing law or to impose sanctions for violations of existing law;
- A proceeding at which an action is taken involving the purchase or sale of property, goods, or services by such agency;
- A proceeding at which an action is taken that is ministerial in nature;
- A proceeding at which an action is taken awarding a grant or contract; or
- A proceeding involving the issuance of a legal opinion.

Administrative Testimony
(Regulation 18239)

Influencing or attempting to influence administrative action by acting as counsel in, appearing as a witness in, or providing written submissions, including answers to inquiries, which become part of the record of any regulatory or administrative agency's proceeding:

- Which is conducted as an open public hearing for which public notice is given;
- Of which a record is created in a manner that makes possible the creation of a transcript; and
- With respect to which full public access is provided to such record or transcript and to all written material that is submitted to become part of the record.

OR

Any communication made at a public hearing, public workshop, public forum, or included in the official record of any proceeding, as defined in section 82002(b) or (c), before the California Public Utilities Commission.

Agency Official
(Sections 82004 and 86111)

Any member, officer, employee, or consultant of a state agency whose administrative actions the lobbyist, lobbying firm, lobbyist employer/ lobbying coalition, or $5,000 filer has attempted or is attempting to influence. (Does not include persons who work in a purely clerical, secretarial, or ministerial position.)

Arranging a Gift
(Regulation 18624)

A lobbyist arranges for the making of a gift if the lobbyist, either directly or through an agent, does any of the following:

- Delivers a gift to a recipient;
- Acts as the representative of the donor, if the donor is not present at the occasion of a gift. This does not include accompanying the recipient to an event where the donor will be present;
- Invites or sends an invitation to an intended recipient regarding the occasion of a gift;
- Solicits responses from an intended recipient concerning his or her attendance or nonattendance at the occasion of a gift;
- Is designated as the representative of the donor to receive responses from an intended recipient concerning his or her attendance or nonattendance at the occasion of a gift; or
- Acts as an intermediary in connection with the reimbursement of a recipient's expenses.

Elected State Officer
(Sections 82021 and 82024)

Any person who holds the office of Governor, Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, Superintendent of Public Instruction, Insurance Commissioner, Member of the Legislature, Member elected to the Board of Administration of the Public Employees' Retirement System, Member of the State Board of Equalization, or any person who has been elected to such an office but has not yet taken office. A person who is appointed to fill a vacant elective state office is an elected state officer.

Exceptions to Gift and Exceptions to Gift Limits
(Regulation 18942)

(a) None of the following is a gift and none is subject to any limitation on gifts:

(1) Informational material as defined by regulation 18942.1.

(2) Except for passes and tickets as provided in regulation 18946.1, a gift that is not used and that, within 30 days after receipt, is returned or donated pursuant to regulation 18943, or for which reimbursement is paid pursuant to regulation 18943.

(3) A gift from an individual's spouse, child, parent, grandparent,

grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin or the spouse of any such person, unless the donor is acting as an agent or intermediary for any person not identified in this subdivision (a)(3).

(4) A campaign contribution required to be reported under the Government Code, Title 9, Chapter 4 (commencing with section 84100).

(5) Any devise or inheritance.

(6) A personalized plaque or trophy with an individual value of less than two hundred fifty dollars ($250).

(7) Hospitality (including food, beverages, or occasional lodging) provided by an individual in his or her home when the individual or a member of the individual's family is present, to an official. (Note: See regulation 18630 for the rule concerning "home hospitality" provided by a lobbyist.)

(8) Presents exchanged between an official who is required to file a statement of economic interests and an individual, other than a lobbyist, on holidays, birthdays, or similar occasions provided that the presents exchanged are not substantially disproportionate in value.

(9) Leave credits, including vacation, sick leave, or compensatory time off, donated to an official in accordance with a bona fide catastrophic or similar emergency leave program established by the official's employer and available to all employees in the same job classification or position. This shall not include donations of cash.

(10) Payments received under a government agency program or a program established by a bona fide charitable organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code designed to provide disaster relief or food, shelter, or similar assistance to qualified recipients if such payments are available to members of the public without regard to official status.

(11) Free admission, and refreshments and similar non-cash nominal benefits provided to a filer during the entire event at which the filer gives a speech, participates in a panel or seminar, or provides a similar service, and actual intrastate transportation and any necessary lodging and subsistence provided directly in connection with the speech, panel, seminar, or service, including but not limited to meals and beverages on the day of the activity. These items are not payments and need not be reported by any filer.

(12) The transportation, lodging, and subsistence specified by regulation 18950.4.

(b) The following items, if they are otherwise gifts, are exempt from the limitations on gifts described in section 89503:

(1) Payments for transportation, lodging, and subsistence that are exempt from limits on gifts by section 89506 and regulation 18950, et seq.

(2) Wedding gifts.

Filer
(Section 82026)

A person who is required to file a report under the Political Reform Act.

Gift
(Section 82028)

Except as provided in Regulation 18942, a gift is any payment that confers a personal benefit to the extent that consideration of equal or greater value is not received and includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status. Any person, other than a defendant in a criminal action, who claims that a payment is not a gift by reason of receipt of consideration has the burden of proving that the consideration received is of equal or greater value.

Gift
(Section 86201)

A gift made directly or indirectly to any state candidate, elected state officer, or legislative official, or to an agency official of any agency required to be listed on the registration statement of the lobbying firm or the lobbyist employer of the lobbyist.

Gift, Source
(Regulation 18945)

(a) General Rule. A person is the source of a gift if the person makes a gift to an official and is not acting as an intermediary.

(1) If a person makes a payment to a third party and in fact directs and controls the use of the payment to make a gift to one or more clearly identified officials, the person is the source of the gift to the official or officials.

(2) Dues. If a person pays dues or makes similar payments for membership in a bona fide association, including any federation, confederation, or trade, labor or membership organization, some portion of which dues or similar payments are used to make gifts to officials, that person is not the source of the gifts to those officials. However, the person is the source of the gift if the sole or primary purpose of the dues or similar payments is to make gifts to officials.

(b) Presumption of Source by Officials. An official may presume that the person delivering the gift or, if the gift is offered but has not been delivered, the person offering the gift to him or her is the source of the gift unless either of the following are met:

(1) The person delivering or offering the gift discloses to the official the actual source of the gift; or

(2) It is clear from the surrounding circumstances at the time the gift is delivered or offered that the person delivering or offering the gift is not the actual source of the gift.

Gifts to an Agency
(Regulation 18944.2)

(a) A payment, which is a gift as defined in section 82028, is deemed a gift to a public agency, and not a gift to a public official, if all of the following requirements are met:

(1) The agency receives and controls the payment.

(2) The payment is used for official agency business.

(3) The agency, in its sole discretion, determines the specific official or officials who shall use the payment. However, the donor may identify a specific purpose for the agency's use of the payment, so long as the donor does not designate the specific official or officials who may use the payment.

(4) The agency memorializes the payment in a written public record which embodies the requirements of subdivisions (a)(1) to (a)(3) above and which:

(A) Identifies the donor and the official, officials, or class of officials receiving or using the payment;

(B) Describes the official agency use and the nature and amount of the payment; and

(C) Is filed with the agency official who maintains the records of the agency's statements of economic interests where the agency has a specific office for the maintenance of such statements, or where no specific office exists for the maintenance of such statements, at a designated office of the agency, and the filing is done within 30 days of the receipt of the payment by the agency.

(b) Notwithstanding subdivisions (a)(3) and (a)(4) above, a donation to a California public college or university for a specific research project which is received consistent with the requirements of regulation 18702.4(c) and for meals received in the course of an official fundraising activity, which qualify under federal and state law for a deduction as a charitable contribution for educational purposes, is deemed a gift to the college or university.

Gifts of Travel; Exceptions

(Regulation 18950.1)

The following provisions apply to payments made for travel pursuant to sections 89501 through 89506:

(a) Travel In Connection With Speeches, Panels, and Seminars.

(1) Only a reportable payment is subject to the limitations on gifts specified in section 89503. See regulation 18950.3, to determine whether a payment in connection with a speech, panel, or seminar is reportable.

(2) A payment made for travel, including actual transportation and related lodging and subsistence, is not subject to the prohibitions or limitations on honoraria and gifts specified in sections 89501, 89502, or 89503 if:

(A) The travel is reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy, and

(B) The travel, including actual transportation and related lodging and subsistence, is in connection with a speech given by the official or candidate; the lodging and subsistence expenses are limited to the day immediately preceding, the day of, and the day immediately following the speech; and the travel is within the United States.

(b) Travel Provided By Governmental Entity or Charity. A payment made for travel, including actual transportation and related lodging and subsistence, is not subject to the prohibitions or limitations on honoraria and gifts specified in sections 89501, 89502, or 89503 if:

(1) The travel is reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy; and

(2) The payment is provided by a government, a governmental agency, a foreign government, a governmental authority, a bona fide public or private educational

institution, defined in section 203 of the Revenue and Taxation Code, or by a nonprofit organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code, or by a person that is domiciled outside the United States and that substantially satisfies the requirements for tax exempt status under section 501(c)(3) of the Internal Revenue Code.

(c) Travel Paid From Campaign Funds. A payment made for transportation and necessary lodging and subsistence, which payment is made from campaign funds as permitted by section 89513, or which is a contribution, is not an honorarium or a gift.

(d) Travel Provided By Official's Agency. A payment made for transportation and necessary lodging and subsistence, which payment is made by the agency of an official, is not an honorarium or a gift.

(e) Travel In Connection With Bona Fide Business. A payment made for transportation, lodging, and subsistence, which payment is reasonably necessary in connection with a bona fide business, trade, or profession, and which satisfies the criteria for federal income tax deductions for business expenses specified in sections 162 and 274 of the Internal Revenue Code, is not an honorarium or gift unless the sole or predominant activity of the business, trade or profession is making speeches.

Home Hospitality

(Section 86203; Regulation 18630)

(a) The cost of providing hospitality involving food, beverage, or occasional lodging at the home of a lobbyist is a gift within the meaning of section 86203 and is reportable under the provisions of section 86113 only if:

(1) Any part of the cost of such hospitality is paid for by the lobbyist's employer or lobbying firm directly; or

(2) The lobbyist is reimbursed by his or her lobbyist employer or lobbying firm for any part of the cost of such hospitality; or

(3) The lobbyist deducts any part of the cost of such hospitality as a business expense on any tax return, either State or Federal; or

(4) There is an understanding between the lobbyist and his or her lobbyist employer or lobbying firm that the amount of compensation received by the lobbyist includes a portion to be utilized by the lobbyist to provide gifts of hospitality in the lobbyist's home.

(b) In determining the applicability of subsections (a)(1) through (a)(4) above, the cost of providing hospitality does not include any part of the value or rental of the home of the lobbyist, nor does it include any depreciation on the premises where the hospitality is extended.

Immediate Family

(Section 82029)

The spouse or dependent child of an official.

Influencing Legislative or Administrative Action

(Section 82032 and regulation 18239)

Communicating directly with any elective state official, legislative official, or state agency official or taking any other action for the principal purpose of promoting, supporting, influencing, modifying, opposing, delaying, or advancing any legislative or any administrative action.

Influencing legislative or administrative action, or "lobbying activity," is broadly defined to include such activities as following bills and regulations that one is attempting to influence, preparing testimony, attending hearings and floor debates, arranging for witnesses, waiting to meet with officials or staff, communicating with employers, and administering a lobbyist's office - all for the purpose of promoting, supporting, modifying, opposing, delaying, or advancing legislative or administrative action.

Legislative Action
(Section 82037)

The drafting, introduction, consideration, modification, enactment, or defeat of any bill, resolution, amendment, report, nomination, or other matter by the Legislature or by either house or any committee, subcommittee, joint or select committee thereof, or by a member or employee of the Legislature acting in his or her official capacity. Legislative action also means the action of the Governor in approving or vetoing any bill.

Legislative Official
(Section 82038)

Any employee or consultant of the Legislature whose duties are not solely secretarial, clerical, or manual.

Lobbying Coalition
(Regulation 18616.4)

A group of 10 or more persons formed primarily to influence legislative or administrative action, whose members make payments to the coalition for the purpose of sharing the expenses of employing a lobbyist or contracting for the services of a lobbying firm.

Lobbying Firm
(Section 82038.5; Regulation 18238.5)

Any business entity, including an individual contract lobbyist, which meets either of the following criteria:

(1) The business entity receives or becomes entitled to receive any compensation, other than reimbursement for reasonable travel expenses, for the purpose of influencing legislative or administrative action on behalf of any other person, and any partner, owner, officer, or employee of the business entity is a lobbyist.

(2) The business entity receives or becomes entitled to receive $5,000 in compensation in any calendar quarter other than reimbursement for reasonable travel expenses, to communicate directly with any elective state official, agency official, or legislative official, for the purpose of influencing legislative or administrative action on behalf of any other person.

Lobbyist
(Section 82039; Regulation 18239)

A lobbyist is an individual who:

(1) Receives or becomes entitled to receive $2,000 or more in compensation in any calendar month for engaging in direct communication, other than administrative testimony, with one or more qualifying officials for the purpose of influencing legislative or administrative action on behalf of any person other than his or her employer; or

(2) Spends one-third or more of the time, in any calendar month, for which he or she receives compensation only from his or her employer for engaging in direct communication, other than administrative testimony, with one or more qualifying officials for the purpose of influencing legislative or administrative action.

A person is not a lobbyist who:

- Attempts to influence on a voluntary basis without any compensation;
- Only engages in administrative testimony; or
- Only meets or speaks with a qualifying official in the company of a registered

lobbyist retained by the individual or individual's employer or by a bona fide trade association or membership organization of which the individual or individual's employer is a bona fide member.

Lobbyist Employer
(Section 82039.5; Regulation 18239.5)

Any person, other than a lobbying firm, who either:

(1) Employs one or more lobbyists for economic consideration, other than reimbursement for reasonable travel expenses, for the purpose of influencing legislative or administrative action; or

(2) Contracts for the services of a lobbying firm for economic consideration, other than reimbursement for reasonable travel expenses, for the purpose of influencing legislative or administrative action.

Lobbyist Contributions: Making a Contribution
(Section 85702; Regulation 18752)

A lobbyist makes a contribution when any of the following occurs:

- He or she mails, delivers, or otherwise transmits to an elected state officer, a candidate for elective state office or his or her controlled committee, or to a committee primarily formed to support or oppose such a candidate, that the lobbyist is registered to lobby, a contribution as defined in section 82015 and regulation 18215, and the contribution is made from the lobbyist's personal funds or assets. A contribution will be deemed to be made from a lobbyist's personal funds or assets when the contribution is made from assets that are the personal property of the lobbyist, unless pursuant to regulation 18533 the contribution is attributed to another person.
- The contribution is made by a business entity, including a lobbying firm, owned in whole or in part by a lobbyist, and the lobbyist participates in the decision to make the contribution.
- The contribution is made from funds of a committee comprised in part of personal funds or resources of a lobbyist and the lobbyist participates in the decision to make the contribution.

A lobbyist does not make a contribution simply by advising his or her client or lobbyist employer regarding the making of a contribution.

Payment to Influence Legislative or Administrative Action
(Section 82045)

A payment to influence legislative or administrative action is a payment:

- Made directly or indirectly to a lobbyist whether for salary, fee, compensation for expenses, or any other purpose, by a person employing or contracting for the services of the lobbyist separately or jointly with other persons;
- Made in support or assistance of a lobbyist or his or her activities, including but not limited to the direct payment of expenses incurred at the request or suggestion of the lobbyist;
- Which directly or indirectly benefits any elective state official, legislative official, agency official, or a member of the immediate family of any such official;
- For compensation or reimbursement for the services, time, or expenses of an employee, for or in connection with, direct communication with any elective state official, legislative official, or agency official;
- For or in connection with soliciting or urging other persons to enter into direct communication with any elective state

official, legislative official, or agency official.

Payments for Travel In Connection with Campaign Activities
(Regulation 18950.4)

Except as provided in regulation 18727.5, a payment made to an elected officer or candidate for his or her transportation, lodging, or subsistence is a gift unless the transportation, lodging, or subsistence provided to the elected officer or candidate is in "direct connection" with campaign activities, including attendance at political fundraisers.

(1) Any payment made to an elected officer or candidate for his or her transportation, lodging, or subsistence, during the six month period prior to an election in which the elected officer or candidate is to be voted upon is considered "in direct" connection with campaign activities if the payment is for necessary transportation, lodging, or subsistence, used specifically for the purpose of the elected officer's or candidate's:

(A) Participation in candidate forums, debates or similar voter gatherings at which he or she makes a speech; or

(B) Attendance at meetings with campaign staff or political consultants to develop or implement campaign strategy.

(2) A payment made to an elected officer or candidate for necessary transportation to, or lodging and subsistence at, an event described in subdivision (a)(1)(A) or subdivision (a)(1)(B), but not made within the six month period prior to the election in which the elected officer or candidate is being voted upon, is considered a gift unless it is clear from the surrounding circumstances that the payment is made directly in connection with campaign activities.

(b) When a payment is made to an elected officer or candidate for his or her necessary lodging and subsistence or transportation in direct connection with attendance at a political fundraiser or an event listed in subdivision (a)(1)(A) or subdivision (a)(1)(B), which fundraiser event is conducted to benefit another elected officer or candidate, or to benefit a committee as defined in section 82013 (a), the payment is a contribution to the officer, candidate, or committee benefiting from the fundraiser.

Person
(Section 82047)

An individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee, and any other organization or group of persons acting in concert.

Qualifying Official
(Regulation 18239)

Any elected state official, any legislative official, or any appointed, elected, or statutory member or director of any state agency. "Qualifying official" also means any staff member of any state agency who makes direct recommendations to any appointed, elected, or statutory member or director of any state agency, or who has decision-making authority concerning such recommendations.

Reportable Lobbying Services
(Regulation 18614)

(a) The following payments from a client to a lobbying firm are considered payments for lobbying services:

(1) Payments for services related to a matter on which the client expressly or implicitly authorizes the lobbying firm to communicate directly with an

elected state official, legislative official or agency official for the purpose of influencing legislative or administrative action.

(2) Payments for legislative-related services only if, within one year after the services are provided, the client, either directly or through an affiliated entity, expressly or implicitly authorizes the lobbying firm to communicate directly with an elected state official, legislative official or agency official for the purpose of influencing legislative or administrative action on the same or substantially the same matter.

(3) Payments for research or preparation of a proposed initiative measure only if, within one year after the initiative-related services are provided, the client, either directly or through an affiliated entity, expressly or implicitly authorizes the lobbying firm to communicate directly with an elected state official, legislative official or agency official for the purpose of influencing legislative or administrative action on the same or substantially the same matter. However, such payments need not be reported if they are required to be disclosed, and are in fact disclosed pursuant to Chapter 4 (commencing with section 84100) of Title 9 of the Government Code.

(b) The following payments from a client to a lobbying firm are not considered payments for lobbying services:

(1) Payments for litigation.

(2) Payment for legislative-related or initiative-related services performed by a lobbying firm for a client which are not reportable pursuant to subsections (a)(2) or (a)(3). However, payments for legislative-related services must be reported by the client as "other payments to influence legislative or administrative action" pursuant to section 86116(i) if either of the following applies:

(A) At the time the payment is made, the client is required to be registered on the lobbying firm's registration statement.

(B) Within one year after the services are provided, the client, either directly or through an affiliated entity, expressly or implicitly authorizes another lobbying firm or a lobbyist employed by the client to communicate directly with an elected state official, legislative official or agency official for the purpose of influencing legislative or administrative action on the same or substantially the same matter.

(c) The following definitions apply to this section:

(1) "Legislative-related services" includes researching, monitoring, analyzing or drafting statutes, regulations or pending or proposed legislative or administrative action, providing advice or recommending strategy concerning pending or proposed legislative or administrative action, and similar services in the absence of express or implied authorization to engage in direct communication.

(2) "Direct communication" means appearing as a witness before, talking to (either by telephone or in person), corresponding with, or answering questions or inquiries from, any elected state official, legislative official or agency official, either personally or through an agent who acts under one's direct supervision, control or direction.

(3) "Affiliated entity" includes, but is not limited to, an organization which has a parent or subsidiary relationship to the client, an organization that is primarily funded or managed by the client or the parent entity of the client, or an organization of which the client is a member.

(d) When a payment for initiative-related or legislative-related services made to a lobbying firm in a previous reporting period must be reported retroactively pursuant to this section, the payment must be reported on the report for the then current calendar quarter and the lobbying firm and lobbyist employer must indicate the calendar quarter in which the payment was made or received. If the payment was previously reported in the current calendar year as "other payments to influence legislative or administrative action," the lobbyist employer must indicate on the report for the then current calendar quarter that the amount has been deducted from "other payments to influence legislative or administrative action" and instead reported as a payment to a lobbying firm. For purposes of subsections (a)(2) and (a)(3), the lobbying firm and lobbyist employer must indicate, in addition to the information required by regulations 18613(a) and 18616(b), that the payment was for initiative-related or legislative-related services and the date upon which the person making the payment or the affiliated entity authorized the lobbying firm to engage in direct communication.

(e) This section shall not be construed to require any entity to report payments it receives for services prior to the calendar quarter in which the entity qualifies as a lobbying firm.

State Agency
(Section 82049; Regulation 18249)

Every state office, department, division, bureau, board, and commission, and the Legislature.

Travel in Connection with Speeches, Panels, and Seminars: Exception for All Filers
(Regulation 18950.3)

Free admission, and refreshments and similar non-cash nominal benefits provided to a filer during the entire event at which the filer gives a speech, participates in a panel or seminar, or provides a similar service, and actual intrastate transportation and any necessary lodging and subsistence provided directly in connection with the speech, panel, seminar, or service, including but not limited to meals and beverages on the day of the activity, are not payments and need not be reported by any filer.

Appendix 2
About the Political Reform Act
How to Get Help

The Political Reform Act of 1974

The Political Reform Act (the "Act") was a voter-approved initiative on the 1974 primary election ballot. One of the major provisions of the Act requires the disclosure of lobbying activity, both financial and the legislative or administrative actions attempted to be influenced by:

- individual lobbyists;
- lobbying firms;
- lobbyist employers;
- lobbying coalitions;
- And those who spend $5,000 or more in a calendar quarter attempting to influence legislative or administrative action, but do not hire a lobbyist.

The Fair Political Practices Commission

The Fair Political Practices Commission is the independent, nonpartisan state agency authorized to implement, interpret, and enforce the provisions of the Political Reform Act. The Commission is comprised of a full-time chair appointed by the Governor, and four part-time commissioners, one each appointed by the Controller, the Attorney General, the Secretary of State, and the Governor. Each serves a four-year term and no more than three members may be from the same political party. Commission staff members are divided into four divisions: Administration, Enforcement, Legal, and Technical Assistance.

Governing Statutes

The Political Reform Act is contained in Government Code sections 81000-91014.

Regulations

Regulations interpreting the Political Reform Act are located at California Code of Regulations Title 2, Division 6, beginning at section 18000.

Opinions and Advice Letters

The Commission periodically issues opinions interpreting provisions of the Political Reform Act. The opinions are adopted at a public meeting, with opportunity for input from interested persons.

In addition, FPPC staff issues written advice letters as to the applicability of the Political Reform Act and regulations to a particular factual situation. Visit the Commission's website, click onto "Library & Publications," then click onto "Booklets" to find the FPPC publication "How Do I Get Advice From the FPPC?"

FPPC staff does not provide advice by e-mail.

Obtaining Information from the FPPC

Write, call, or visit the FPPC to get copies of specific advice letters; they are not currently available on the Commission website.

Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, CA 95814
(916) 322-5660 -- Toll-free (866) 275-3772

Website (www.fppc.ca.gov)

The Commission's website contains a wealth of helpful information, including:

- The Political Reform Act, its corresponding regulations, and Commission opinions;

- Notices of Commission meeting dates and agenda, supporting documentation for agenda items, and meeting summaries;
- Interactive lobbying forms;
- Manuals, fact sheets, and useful summaries of the law;
- Schedules of upcoming seminars and education workshops.

Commission Bulletin

The Commission publishes a free bulletin. Information regarding enforcement cases, legislation and litigation updates, workshop announcements, Commission meeting summaries, campaign statement filing schedules, and advice letter summaries are regularly included. Persons interested in obtaining the *Bulletin* may contact the Commission to be placed on the email *Bulletin* mailing list by sending an email request to jmattews@fppc.ca.gov, or accessing the *Bulletin* via the website and clicking onto "Library & Publications."

Need Help Fast?

Assistance may be obtained regarding filing requirements, how to complete forms, restrictions, prohibitions, or an upcoming issue by calling the Commission's Technical Assistance Division at (916) 322-5660, or toll-free at (866) 275-3772, ext. 2. In most cases, questions can be answered over the telephone. However, depending on the circumstances, written advice may be required or preferred.

For even more information! The Commission periodically conducts educational workshops on lobbying rules and completing the forms. Contact the Technical Assistance Division or the website to see when the next workshop is scheduled. All lobbying workshops are held at the FPPC offices at 428 J Street, 8th Floor, Sacramento.

Note: Lobbyist ethics workshops are conducted by the Assembly Legislative Ethics Committee and the Senate Committee on Legislative Ethics. To obtain information regarding the course schedule, contact Jeanie Myers at (916) 324-6929.

Obtaining Information Elsewhere

A subscription for regulations is available from:

Barclay's Law Publishing
P.O. Box 3066
South San Francisco, CA 94083
(800) 888-3600

Opinions and advice letters are available from these subscription services:

Westlaw (800) 328-9352
Database: "CA-ETH"
(Advice letters from 1986 to present)

Lexis-Nexis (800) 227-9597
Database: "CA Fair Political Practices Commission"
(Advice letters from 1990 to present)

Other Resources

Secretary of State

The **Secretary of State** is the filing officer for lobbying disclosure statements, issues electronic filing identification numbers and passwords, and publishes a directory that reflects information contained in lobbying registration documents. The directory is divided into four sections that list lobbyists, lobbying firms, and lobbyist employers alphabetically, and lobbyist employers by category. The current *Directory of Lobbyists, Lobbying Firms, and Lobbyist Employers* may be purchased from the Secretary of State.

(916) 653-6224
(916) 653-5045 fax
www.ss.ca.gov

Cal-Online Help Desk (Electronic Filers)
(877) 745-3453 (toll free)
(916) 653-7283

Franchise Tax Board

The **Franchise Tax Board** is responsible for responding to questions regarding tax status, 501(c)(3) groups, audits, or any tax-related questions.

(800) 852-5711 or (800) 338-0505
www.ftb.ca.gov

Local/Judicial/Federal Lobbying Requirements

Lobbying activity conducted at the city, county, judicial, or federal levels are not governed by the Act. To determine what, if any, lobbying disclosure requirements are in effect at the local, judicial, or federal level, contact the specific agency in question.

Privacy Information Notice

Information requested on all FPPC forms is used by the FPPC to administer and enforce the Political Reform Act (Government Code sections 81000-91014 and California Code of Regulations sections 18109-18997). All information required by these forms is mandated by the Political Reform Act. Failure to provide all of the information required by the Act is a violation subject to administrative, criminal or civil prosecution. All reports and statements provided are public records open for public inspection and reproduction.

If you have any questions regarding this Privacy Notice or how to access your personal information, please contact the FPPC at:

Manager, Filing Officer Programs
428 J Street, Suite 620
Sacramento, CA 95814
(916) 322-5660

Public Inspection & Audit

All reports and statements required by the Political Reform Act are public records open for public inspection and reproduction, and are subject to audit by the Franchise Tax Board and the Fair Political Practices Commission.

Enforcement

The **Fair Political Practices Commission** and the **Attorney General** have enforcement authority under the Act.

Failure to provide all or any part of the information required by the Political Reform Act is a violation subject to:

- An administrative enforcement proceeding before the Fair Political Practices Commission;
- A criminal misdemeanor proceeding;
- A civil action; and
- Levying of late penalties by filing officers.

Penalties for not filing lobbying statements may be imposed up to $5,000 per violation.

Additional information on the Commission's enforcement procedures is available on the Commission's website. In addition, the Commission maintains a toll-free number for reporting suspected violations of the Political Reform Act. The number is (800) 561-1861.